Trimac

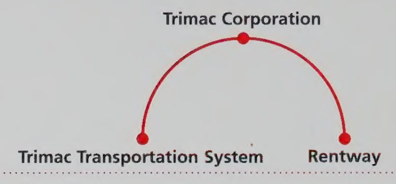
Corporation

Trimac Transportation System • Rentway

Bulk Trucking — Truck Fleet Management

1998 Annual Report

Trimac Corporation is an industrial transportation services corporation, providing services in highway transportation of bulk materials through Trimac Transportation System and truck fleet management services through Rentway. In addition, a significant portion of Trimac's total value is currently represented by other investment interests. The Corporation employs more than 4,800 people across North America. Trimac Corporation's common shares are traded on the Toronto and Montreal stock exchanges under the symbol TMA.

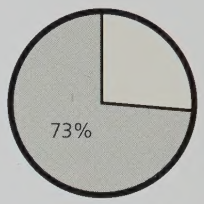


Trimac Transportation System (TTS) provides highway transportation of bulk materials and related distribution and management services to industrial customers throughout North America. TTS is the premier North American bulk trucking company, with a proven reputation for safe, reliable service and the capability to transport a wide range of liquid, gaseous and dry bulk products.

Bulk Trucking

	1998	1997
Revenues	**$ 443,392**	$ 446,070
Pretax earnings	**18,041**	17,994

(see page 4)

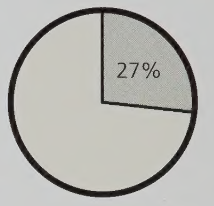


Rentway provides truck fleet management services including management reporting/budgeting and analysis, full-service leasing, rentals and contract maintenance services across Canada and several proximate U.S. markets. The company operates the most extensive network of heavy duty truck shops in Canada. Rentway is committed to adding value to its customers' businesses through the company's truck fleet management expertise and shop-based strategy.

Truck Fleet Management

	1998	1997
Revenues	**$ 164,266**	$ 151,599
Pretax earnings	**6,085**	7,602

(see page 6)



North American Network of Facilities

	Canada	U.S.A.	Total
Trimac Transportation System - Bulk Trucking	73	27	100
Rentway - Truck Fleet Management	37	4	41
Total	110	31	141

See map of facilities on page 36.

Operations Data — TTS and Rentway

As of December 31

	1998	1997
TTS power units (1)	**2,030**	1,958
TTS trailers	**4,401**	4,557
TTS employees (2)	**3,981**	4,130
Rentway vehicles owned	**5,717**	6,322
Rentway vehicles managed (3)	**9,486**	10,695
Rentway employees	**825**	770

(1) Owned and leased
(2) Including leased operators
(3) Includes vehicles owned

Investment Interests — Trimac Corporation (see page 8)

	% Owned	# of Shares	Ticker Symbol
BFC Construction Corporation	22.0%	1,865,000	BFC (TSE)
Bantrel Inc.(1)	25.0%	N/A	N/A
BOVAR Inc.	49.9%	39,118,000	BVR/A (TSE)
Fort Chicago Energy Partners L.P.	10.4%	6,873,000	FCE-U (TSE)
Intermap Technologies Ltd.	25.4%	12,297,000	IPG/A (ASE)
Newalta Corporation	8.9%	2,500,000	NAL (TSE)
Pioneer Natural Resources Company	2.6%	2,662,000(2)	PXD (TSE)

(1) Private corporation
(2) Includes 1.58 million shares subject to $51.9 million exchangeable debenture

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Shareholders' Meeting

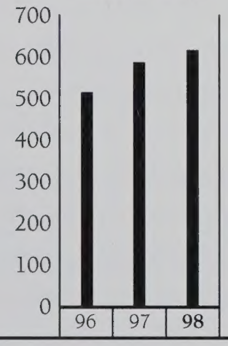
A meeting of shareholders of Trimac Corporation will be held ***Friday, March 26, 1999*** *at 10:30 a.m. at the Metropolitan Centre, 333 Fourth Avenue S.W., Calgary. Trimac shareholders are invited to attend and meet the directors and officers of the Corporation.*

Rzed Feb 26, 1999

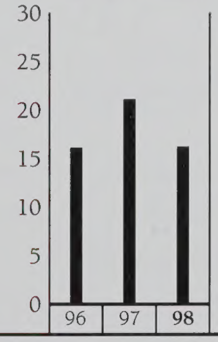
(thousands of dollars except per share and percentage amounts)	1998	1997	1996
Operating Results (year ended December 31)[1]			
Revenues	$ 607,658	$ 597,669	$ 510,584
Earnings before interest, tax, depreciation and amortization	124,747	118,393	104,905
Operating earnings (EBIT)	38,610	38,568	34,504
Earnings before unusual items	16,559	21,012	16,217
Earnings before equity accounted investments	824[2]	50,754[3]	11,326
Net earnings before equity accounted investments and unusual items (after tax core business earnings)	17,661	11,236	10,714
per share	0.47	0.28	0.26
Net earnings	8,479[2]	60,147[3]	21,421
per share	0.22[2]	1.48[3]	0.53
Cash flow from operations	89,108	92,025	71,481[4]
per share	2.36	2.27	1.76
Net capital expenditures			
Fixed assets	95,799	123,747	87,840
Acquisitions/investments	14,677	41,867	15,554
Proceeds on disposal of investments	67,053	9,475	4,442
Return on net assets	1.5%[2]	20.3%[3]	8.6%
Return on equity	3.0%[2]	21.1%[3]	8.9%
Financial Position (as at December 31)			
Working capital	17,878	9,598	2,049
Total assets	736,347	788,150	600,563
Long-term debt	357,604[5]	312,519	238,246
Shareholders' equity	258,031	317,664	252,594
Common Share Data			
Dividends paid	0.18[6]	0.18	0.18
Book value	7.65	7.82	6.23
Number of common shares outstanding (year end)	33,719,289	40,630,305	40,553,905

(1) Certain of the above amounts have been reclassified from those presented in prior periods. Net earnings, earnings per share and cash from operations are unchanged.
(2) Results in 1998 include an after tax write-down of $16.8 million ($0.45 per share) on the carrying value of certain investment interests.
(3) Results in 1997 include a net after tax gain of $39.5 million ($0.97 per share) on the sale of certain investments.
(4) Includes cash taxes of $6.3 million ($0.16 per share) attributable to the drilling operations of Trimac Limited, which did not recur subsequent to 1996.
(5) Includes $51.9 million exchangeable debenture, which is repayable through the delivery of 1.58 million shares of Pioneer Natural Resources held by the Corporation.
(6) Includes $0.08 per share special dividend.

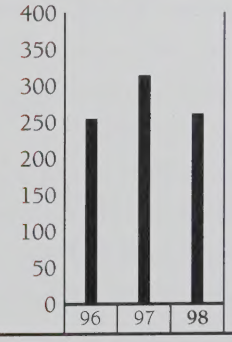
Revenues
(millions of dollars)



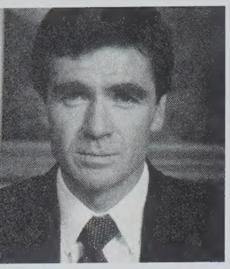
Earnings Before Unusual Items
(millions of dollars)



Shareholders' Equity
(millions of dollars)



Jeffrey J. McCaig, President & Chief Executive Officer, Trimac Corporation



"The evolution of Trimac to a focused transportation services company continued in 1998. Over $75 million of the $88 million realized from the monetization of non-strategic investment interests was returned to shareholders through share buybacks."

Dear Shareholder:

1998 was another year of transition for Trimac Corporation as management continued to execute the Corporation's stated strategy of focusing on its core businesses of bulk trucking and truck fleet management. Following the successful spin-out to our shareholders of Kenting Energy Services in 1997, definitive steps were taken in 1998 with non-strategic investment interests and $65 million of proceeds realized from the monetization of these investments was returned to shareholders through a substantial issuer bid. An additional $10 million was returned to shareholders through normal course issuer bid purchases.

Trimac Corporation's Strategy - Trimac Corporation's strategy is to focus on the profitable growth of Trimac Transportation System ("TTS") and Rentway. Trimac Corporation will also seek new transportation opportunities which are synergistic to existing core businesses, in addition to actively pursuing the maximization of the value of remaining investment interests and the re-deployment of such capital into our core businesses.

Trimac Transportation System - Results in 1998 in Canadian transportation remained at 1997 levels. Relatively strong performance in our Eastern Division was more than offset by lower results from the more resource based Western Division. The outlook for 1999 is uncertain as continued softness is expected in the west and most signs point to a general slowdown in the east.

To counteract these trends, TTS will pursue growth through acquisitions and a more focused marketing of its services.

In Canada, TTS will continue to make "bite size" acquisitions, such as the recent purchase of the chemicals business of Economy Carriers in addition to seeking out more substantial acquisitions.

Results in 1998 from our eastern U.S. based Chemical Division improved slightly over 1997, however, the overall performance of this business continues to be below acceptable levels. Although management is disappointed that the restructuring efforts to date have only resulted in marginal increases in the earnings from this segment, we remain committed to being successful in this marketplace and further improvements to this business will be a top priority in 1999. The western U.S. based Dry Bulk & Mining Services Division performed relatively well in 1998, particularly in light of the adverse impact of the closure of the Glenbrook nickel mine coupled with the general economic slowdown in this business segment.

TTS investigated several large U.S. acquisition opportunities in 1998, however, the purchases of Montgomery Tank Lines and Chemical Leaman by the Apollo Partners leveraged buy-out fund have, in our view, created unrealistic price expectations on the part of potential sellers of U.S. based bulk trucking businesses.

Trimac Transportation System announced in late 1998 the creation of an "Alliance of Bulktruck Carriers" with four other leading U.S. based bulk chemical carriers. The purpose of the Alliance is to increase the loaded miles of each carrier through load sharing to improve equipment utilization.

Information technology continues to be a critical success factor for TTS, with significant expenditures in areas of the field support system, shop maintenance, in-cab technology, financial accounting and human resources. The key field support system has now been successfully installed in 40 TTS branches and feedback from users in the field is very positive. In 1999 Trimac Transportation System will install the system in the remaining branches and complete enhanced training of users so as to allow the field to achieve improved operational efficiencies through exploitation of the system features. The new software systems together with other steps being taken will make TTS Year 2000 compliant.

Rentway - Rentway has positioned itself as the premier truck fleet management franchise in Canada. Rentway's strategy in Canada in 1999 will be a continuation of its 1998 focus on the value added management of large private fleets and third party maintenance programs, with a particular focus on the food, beverage and automotive industries.

The decision in late 1997 by Rentway's largest customer to switch from full service lease to maintenance only set Rentway's growth back by more than a year. This change was made as a result of a change in the ownership of the customer

"The premier position held by Trimac Transportation System and Rentway in their respective markets, together with our strong financial position, leaves each of these businesses uniquely situated to grow in the current economic environment."

and management is confident that this isolated event does not represent a "sea" of change in the trend towards the outsourcing of truck fleets.

Rentway made additional efforts to establish its presence in the U.S. market in 1998, however, results were significantly below expectations. In late 1998 Rentway closed its money losing operation in Cleveland and restructured its Portland branch to become a satellite branch for its Seattle operation. The operations of the remaining U.S. branches in Detroit and Toledo are also under review.

Information technology continues to be a critical success factor for Rentway with significant expenditures in the areas of shop maintenance, asset and contract management, financial accounting and human resources. In 1998 Rentway successfully completed the implementation of its new "Enrich" shop management software system which is now operating in all Rentway branches. Operational efficiencies from the system were realized in the latter part of the year and management anticipates that Rentway will enjoy the full benefit of the systems features in 1999. The new software systems together with other steps being undertaken will make Rentway Year 2000 compliant.

Investment Interests - Significant progress was made in 1998 in respect of Trimac's non-strategic investment interests, with over $88 million received from the sale or monetization of certain of these interests. The primary focus in 1998 was the monetization of over two-thirds of the shares of Pioneer Natural Resources which we received upon the acquisition by Pioneer of the Canadian and Argentinian oil and gas businesses of Chauvco Resources in December 1997.

The $65 million substantial issuer bid which was completed in August of 1998 was very well received by the capital markets. Our normal course issuer bid program remains in place and further share buy-backs will be dependent upon management's assessment of the best use of available funds.

In 1999, efforts will focus on maximizing the value of remaining investment interests as management continues with its focus of redeploying capital from these interests to grow our core businesses.

Corporate Responsibility

Safety - "Service with Safety" has been Trimac's motto since its beginning in 1945. Trimac Transportation System and Rentway are committed to continuous improvement in safety performance. Operating personnel are specially trained to maintain a safe working environment for employees, customers and the general public. TTS and Rentway are also active in the establishment of truck safety standards throughout Canada through their participation and leadership in industry associations.

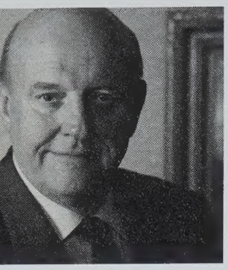
Environment - Trimac is committed to conducting its business in a manner that preserves and protects the environment. It is the policy of the Corporation to exercise responsible stewardship of the environment in the conduct of the Corporation's activities. The Corporation's businesses have established policies, practices and standards that require compliance with all applicable laws and regulations and regular reporting to the Board of Directors of the Corporation with respect to environmental issues.

Outlook - Management anticipates that the transition of Trimac to a focused transportation company, which was initiated in 1997, will be completed in 1999. While we face significant challenges in creating shareholder value in our core businesses which are in competitive and mature industries, we continue to be excited about the future prospects for the Corporation. Our dedicated employees, who have built Trimac into the leading bulk highway transportation and truck fleet management services company by continually finding new, better and more cost effective ways to provide service to our customers, remain the foundation for this optimism.

J.J. (Jeff) McCaig
President and Chief Executive Officer

J.R. (Bud) McCaig
Chairman

Andrew B. Zaleski, President, Trimac Transportation System



"Trimac Transportation System implemented several major strategic initiatives in 1998 to enhance our ability to exceed our customers' expectations and strengthen Trimac's position as the premier North American bulk trucking company."

1998 Highlights

1998 was a year for Trimac Transportation System ("TTS") to digest over $63.0 million of revenue growth achieved in 1997 and to implement various information technology and organizational initiatives to position TTS for further growth in 1999. Revenues were down moderately and earnings were flat in 1998 over 1997 levels due to a slowdown in the mining, pulp and paper, and oil and gas industries, as depressed commodity prices and reduced movements for export were experienced throughout the past year.

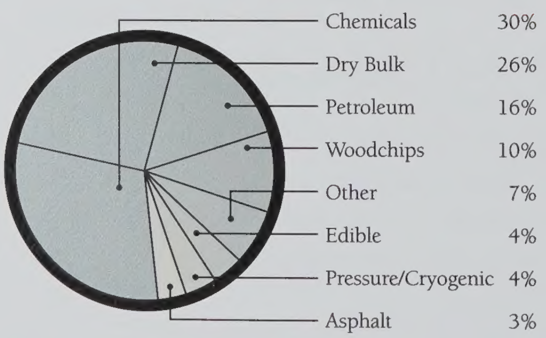
In December of 1998, TTS announced the formation of an "Alliance of Bulktruck Carriers" in its U.S. operations with four other leading American bulk trucking companies. It is anticipated that this asset pooling arrangement will allow for superior asset utilization, increased loaded miles and improved customer service among the participating carriers through a collaborative effort of load matching and capacity sharing. Continuation of the Alliance is subject to approval of the U.S. Surface Transportation Board.

Acquisitions and New Contracts - Trimac Transportation System's position as the premier bulk highway transportation company in North America is a result of its commitment to customers through the establishment of long-term relationships, a disciplined pursuit of acquisitions within prudent price parameters, and the financial strength to take advantage of industry consolidation opportunities.

The slowdown experienced in 1998 in the commodity orientated western based businesses was mitigated by strategic "tuck-under" acquisitions, and new or renewed long-term contracts with key customers, examples of which include the following:

- TTS purchased the chemical hauling transportation assets of Economy Carriers Ltd. of Calgary, Alberta. The acquisition included 18 trucks and 41 specialized trailers for hauling methanol, amines, glycol, caustic soda and lube oils.
- TTS entered into a five year contract with the Products and Chemicals Division of Imperial Oil Ltd. covering NGL transportation services in Alberta and northern British Columbia, with an estimated $6 million in annual revenue.
- TTS entered into a 3 year contract with Newmont Gold Company for the transport of sulfuric acid in northern Nevada, with annual revenue in excess of $US 2 million.
- TTS Bulk Systems division entered into a 5 year contract with Premier Horticulture Ltd., covering the transportation of peat moss in Alberta. Revenue is anticipated to be $1.2 million annually.
- TTS' petroleum operations in Oregon and Washington were merged with Harris Transportation Co. This new joint venture becomes the leader in the Pacific Northwest petroleum market, with over $US 8 million in annual revenue.
- TTS secured a 12 year contract extension with Cominco Ltd. and the Burlington Northern Santa Fe Railroad to transfer and haul over 450,000 tons of lead and zinc annually at Cominco's smelter in Trail, B.C. TTS will invest approximately $6 million in warehouse expansion and improved transloading facilities under this contract which is anticipated to generate up to $4.0 million in annual revenue.
- TTS secured a three year extension of contracts with its largest customer, Rohm & Haas, to continue service to this company's chemical production facilities in California and Pennsylvania. Revenue under the contracts is in excess of $US 20 million per year.

Bulk Trucking Revenues by Commodity



Trimac Transportation System – Financial Summary (December 31)

(thousands of dollars)	1998	1997	1996
Revenues	**$ 443,392**	$ 446,070	$ 382,691
Earnings before interest, tax, depreciation and amortization	**57,825**	55,826	49,683
Earnings before interest and tax	**24,351**	23,123	21,050
Pretax earnings	**18,041**	17,994	15,423
Cash from operations	**48,073**	47,768	38,268
Identifiable assets	**268,477**	263,776	227,677
Long term debt (including current portion)	**89,612**	87,918	79,979
Depreciation and amortization	**33,474**	32,703	28,633
Net capital expenditures	**33,417**	45,722	35,315
Return on net assets (%)	**10.8**	11.7	11.9

"Most forecasts point to lower economic growth - the 'silver lining' for TTS is that such an environment should result in more favorable acquisition opportunities."

TTS will benefit in 1999 from the full year impact of the new business initiatives as a significant portion of such business did not commence until the latter part of 1998.

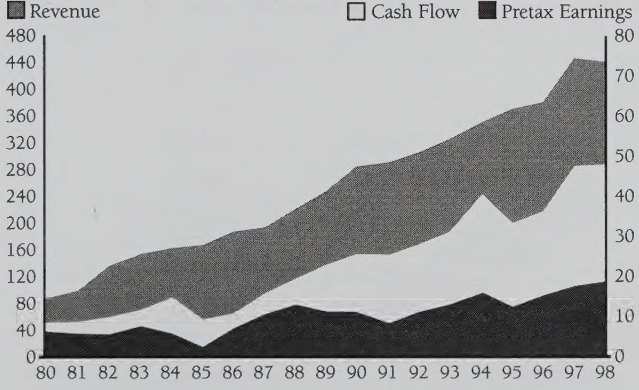
Information Services - To improve internal efficiencies and satisfy increasing customer demand, TTS initiated in 1997 a three year $25 million Information Technology Plan. Several major IT initiatives were successfully implemented in 1998, with substantial completion of the plan anticipated in late 1999. Major initiatives completed in 1998 include:

Field Support System (FSS): This cornerstone application, based on TMW Systems "PowerSuite" product, supports dispatching, invoicing and driver pay, providing more efficient and effective operations, including equipment utilization optimization. The FSS is fully integrated with satellite tracking systems and electronic data interchange (EDI) to enhance customer interactions and services. In 1998 the FSS was successfully implemented in 40 TTS branches, with the remaining branches to be implemented in 1999.

Integrated Administration Systems: TTS is utilizing the PeopleSoft® enterprise resource planning suite of software to meet its needs for efficient administrative systems that can support customers' information needs, internal growth and growth through third party acquisitions. In 1998 the integrated human resources/payroll functions were implemented while the financial functions were implemented in January 1999. Additional functions, including purchasing and budgeting will be implemented by the end of the third quarter of 1999. This system provides enhanced workflow functionality and cost saving electronic commerce capabilities.

Year 2000 - Preparation for the Year 2000 began in 1997 with the establishment of a Year 2000 Compliance Task Force. The new software systems together with other steps being taken will make TTS Year 2000 compliant.

Trimac Transportation System – Consistent Growth



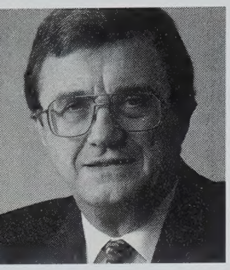
Safety & Quality - A strategic initiative of TTS is to solidify its position as the "preferred place to work" in the bulk trucking industry, and programs continue to be developed to attract and retain the best employees. Initiatives in 1998 include Driver Trainer/Driver Observer programs, and Driver Retention, Decision Driving and Fatigue Management courses. TTS' innovative Product Stewardship programs were expanded in 1998 to include asphalt, compressed gas and woodchips. TTS is the only North American highway carrier to be a Responsible Care® Partner in both the United States and Canada. TTS also received ISO certification in 1998 for its Atlantic Canada operations.

Trimac's unwaivering commitment to safety and quality was recognized by several key industry awards in 1998, including the National Tank Truck Carriers Competitive Safety Contest Grand Award for carriers in the over 100 million miles per year class (the largest class). This major award recognizes companies on the basis of best accident frequency. TTS also won the 1998 Quest for Quality "Best of the Best" award for North American Bulk Truckload Carriers from Logistics Management & Distribution Report. This award recognizes superlative logistics service based on a survey of shippers in the areas of on-time performance, value, equipment and operations, customer service and technology.

Outlook for 1999 - Although the North American economy is anticipated to grow at a reduced rate in 1999, TTS is committed to its mandate of superior customer service and profitable growth. The bulk trucking industry is undergoing dynamic change, and the rate of industry consolidation is likely to increase in this uncertain economic environment. The financial strength of Trimac, together with the strategic initiatives implemented in 1998, provide a strong foundation for TTS to capitalize on attractive acquisition opportunities.

Continued investment in information technology, training, and safety will ensure outstanding customer service, and strengthen Trimac Transportation System's position as North America's premier bulk highway transportation company.

Ron W. Waye, President, Rentway



"Rentway's new truck fleet management strategy was fully implemented in Canada during 1998. This winning strategy together with our information systems and other strategic initiatives leave Rentway well positioned in 1999 to expand its truck fleet management business in Canada and the United States."

1998 Highlights

1998 was a year of challenges and change for Rentway. The new truck fleet management strategy was fully implemented in Canada during the year. This and other strategic initiatives undertaken in 1998 leave Rentway well positioned in 1999 to expand its truck fleet management business in Canada and the United States.

A major effort was undertaken during 1998 to upgrade and expand our information systems capabilities. The new suite of systems covers all aspects of operations and will improve the effectiveness and efficiency of customer service in addition to providing key management information for Rentway and its customers. The new systems also make Rentway Year 2000 compliant.

Additional resources were also acquired during 1998 to enable Rentway to provide enhanced value-added services to its customers and to expand its service offerings. A strategic alliance with Descartes Systems Group provides Rentway with route planning and optimization software tools and other supply chain software resources. The purchase of Robert Hydraulique Inc. of Montreal, which supplies and services "man-lift" equipment, will assist Rentway in providing complete truck fleet management solutions to government and utility customers. The Hamilton, Ontario operations of a competitor with $2 million annual revenue were also acquired in 1998, and the 50 unit truck fleet of Hendrie Transportation was acquired on a purchase/lease back basis.

In the U.S. market, Rentway has determined that significant growth through strategic acquisitions, rather than internal incremental growth, will be required to bring U.S. operations to an acceptable level of profitability in the near term. This change in approach necessitated a restructuring of existing U.S. operations, including the closing of the Cleveland branch.

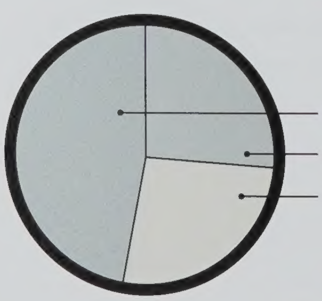
Following seven consecutive years of double-digit growth in revenues, growth in 1998 was limited to 8.4%. This lower rate of growth reflected the previously disclosed reduction in revenues from a major customer and economic weakness in western Canada. The lower level of revenue growth in Canada together with higher losses from U.S. operations led to a reduction in earnings. At year end, Rentway managed nearly 9,500 vehicles under contract, with approximately 5,700 owned units and 3,800 units under separate maintenance contracts.

Truck Fleet Management - Rentway has positioned itself in a unique competitive position between companies supplying only the standard full service lease product and those offering full integrated logistics solutions. The fleet management approach provides the benefit of the optimization and management of the customers' total fleet as a standalone service or in conjunction with the outsourcing of the entire logistics function. After extensive analysis of the customer's fleet, service needs and supply chain requirements, a customized solution is prepared.

Rentway's total fleet management approach includes the right-sizing of the customer's fleet, as opposed to merely supplying leased trucks. Rentway's commercial rental fleet, the largest in Canada, can be used on a pre-planned basis to support seasonal and cyclical demand periods. Rentway also offers the capability to perform route optimization in order to improve efficiency of operations.

The key to fleet management is communications and analysis, enabled by information services resources. Rentway's significant investments in information technology and the establishment of strategic alliance partners are paying dividends for Rentway's customers. Effective communications

Truck Fleet Management Revenues



Truck Fleet Management – Financial Summary (December 31)

(thousands of dollars)	1998	1997	1996
Revenues	$ 164,266	$ 151,599	$ 127,893
Earnings before interest, tax, depreciation and amortization	72,869	66,666	59,040
Earnings before interest and tax	20,292	19,896	17,429
Pretax earnings	6,085	7,602	5,066
Cash from operations	48,572	50,373	43,279
Identifiable assets	288,377	267,366	226,394
Long term debt (including current portion)	203,833	186,423	158,596
Depreciation and amortization	52,577	46,770	41,611
Net capital expenditures	62,361	80,342	51,929
Return on equity (%)	9.4	10.0	6.1

"The creative, entrepreneurial and flexible approach of our employees is the key to Rentway's ability to continue to develop value added solutions to our customers' transportation needs."

with customers and continuous value creation is also facilitated by the Rentway "balanced scorecard" dialogue process.

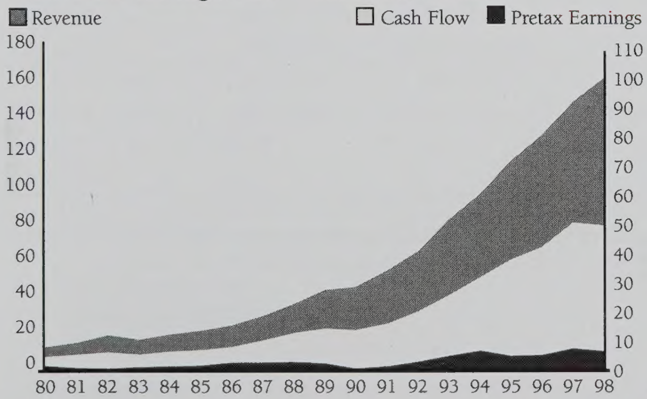
Logistics - Rentway has strategic alliances with leading integrated logistics companies and these partners are among Rentway's largest customers. The appropriate solution for a business may be to outsource its logistics function through one of Rentway's logistics partners, with Rentway providing the truck fleet management services. In many instances, however, the major gains to be achieved will be obtained from the optimization of the transportation activity, and truck fleet management can be a first step to further outsourcing after additional experience and analysis. Certain businesses lend themselves more to truck fleet management because company drivers perform a vital sales role, and customer vehicle identification is important.

Over 40 Rentway employees have received their Professional Logistics accreditation (P.Log.) from the Canadian Professional Logistics Institute, the only formal accredited training association in logistics in North America. This is the largest number of graduates of any company, demonstrating Rentway's commitment to continuous learning, especially as it relates to our customers' businesses.

Enhancement of Shop Strategy and Network - Rentway's leadership position is supported by the largest and best network of heavy duty truck repair shops in Canada, with consistent quality and systems across that network. During 1998, new branches were added in Kingston, Ontario, and Kelowna, B.C., and a new state-of-the-art facility was opened in Brampton replacing an existing shop. Rentway also strengthened its presence in Atlantic Canada with the opening of a Halifax branch. This new operation combined with our Moncton facility, and Trimac Transportation System's extensive market presence, positions Rentway to quickly expand in the Maritimes regional market. Significant resources were committed to expand our capabilities in handling reefer equipment, bulk tankers, industrial gas units and "man-lift" equipment. The "Enrich Shop System," provided by Richer Systems Group, provides Rentway with the most advanced computer shop system available.

Three years ago, Rentway was the first truck leasing company in North America to achieve ISO 9002 certification. External surveillance audits were performed during 1998, and Rentway successfully maintained its ISO registration for all existing and six new Canadian branches.

Truck Fleet Management – Consistent Growth



Safety and Employee Training - Rentway continues to place strong emphasis on safety training and accident prevention. There were no lost time accidents in 35 shops (of 43) compared to 29 shops (of 39) in the prior year, despite a net increase of over 50 employees. The commitment to safety by all of Rentway's employees has resulted in a steady decline over the past seven years in days lost from accidents. In 1998, less than 100 days were lost across Rentway's work force of 825 employees.

People and relationships are the key to Rentway's success and we continue to place heavy emphasis on employees' well-being and training. The "quality" culture of Rentway requires the participation of each employee and the engagement of each employee's intellectual resources. Rentway's employment contract with its employees is based upon the mutual implementation of the guidelines in its "Rentway and You" handbook. The basic premise is Rentway's belief that a company can win with culture.

This focus on employees and strong business relationships directly supports Rentway's vision to "be recognized as the premier provider of fleet management services and transportation solutions with the best network of responsive service shops and employee teams."

Outlook for 1999 - Rentway foresees significant growth in the market for value added management of large private fleets and third party maintenance programs. The market for the outsourcing of truck fleet management services continues to grow at rates significantly in excess of the general economy due to the increasing emphasis on truck safety and reliability and the need for customers to improve the efficiency and effectiveness of their transportation functions. The focus of Rentway's growth will be on select industry segments, including the food, beverage and automotive industries where Rentway has developed considerable expertise and an industry leading reputation for delivering value added services.

A significant proportion of Trimac's total value is represented by investment interests in other corporations. These assets are available to fund the growth of the core transportation services businesses of Trimac. With the exception of Bantrel Inc., the shares of all such corporations are publicly traded and information as to the business and affairs of the corporations is available from each corporation or through the public record.

BFC Construction Corporation

22.0% ownership

BFC Construction Corporation provides services in civil, building, utilities, nuclear and industrial construction as well as engineering, procurement and construction management services.

Bantrel Inc.

25% ownership

Bantrel is a private corporation which provides design, engineering, procurement and construction management services to the petroleum industry. Bantrel provides services for oil and gas production facilities, oil sands projects, heavy oil upgraders, refineries, and petrochemical plants and co-generation facilities.

BOVAR Inc.

49.9% ownership

BOVAR is the owner and operator of Canada's only fully integrated hazardous waste treatment facility, located in Swan Hills, Alberta.

Fort Chicago Energy Partners L.P.

10.4% ownership

Fort Chicago Energy Partners owns a 26% interest in the Alliance Pipeline Projects. The Alliance Pipeline Projects include the construction and operation of a 3,000-kilometer gas pipeline from Northeast British Columbia to Chicago and a natural gas liquids extraction plant near Aux Sable, Illinois. Trimac acquired its interest in Fort Chicago pursuant to the December 1997 restructuring of Chauvco Resources Ltd.

Intermap Technologies Ltd.

25.4% ownership

Trimac acquired its interest in Intermap in connection with the sale by IITC Holdings Ltd. of its image mapping and reconnaissance business to Intermap in 1997 pursuant to the voluntary liquidation and dissolution of IITC (Trimac owns 39.7% of the outstanding shares of IITC). Intermap provides digital mapping services.

Newalta Corporation

8.9% ownership

Newalta is a western Canadian waste management corporation. This interest was acquired by Trimac in July 1996 in conjunction with the sale of its Canadian waste reduction and recycling operations to Newalta.

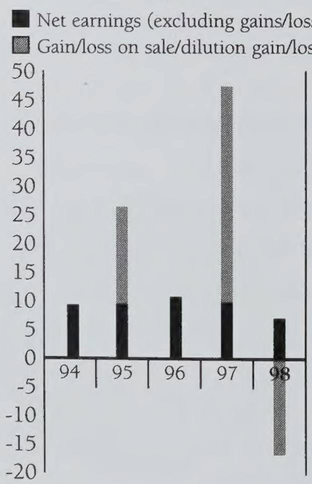
Pioneer Natural Resources Company

2.6% ownership

Trimac acquired its interest in Pioneer Natural Resources in connection with the sale of the Canadian and Argentinian oil and gas businesses of Chauvco Resources Ltd. to Pioneer in December 1997. Pioneer is involved in the acquisition, exploration, development and production of petroleum and natural gas reserves in the United States, Canada, Argentina, Africa and other international locations. A total of 1.58 million of the 2.7 million shares of Pioneer held by Trimac are subject to the $51.9 million exchangeable debenture issued by Trimac in August 1998, and Trimac can repay the principal owing under the debenture through the delivery of such shares.

Trimac's Earnings from Equity Accounted Investments

(millions of dollars)



Investment Interests

(thousands of dollars)	# of Shares	Ticker Symbol	Carrying Value December 31,1998
BFC Construction Corporation	1,865,000	BFC (TSE)	$ 29,509
Bantrel Inc.(1)	N/A	N/A	2,682
BOVAR Inc.	39,118,000	BVR/A (TSE)	6,731
Fort Chicago Energy Partners L.P.	6,873,000	FCE-U (TSE)	39,522
Intermap Technologies Ltd.	12,297,000	IPG/A (ASE)	—
Newalta Corporation	2,500,000	NAL (TSE)	12,775
Pioneer Natural Resources Company	1,082,000(2)	PXD (TSE)	24,975
Other(1)	N/A	N/A	11,881
			$ 128,075

(1) Private corporations.

(2) Excludes 1.58 million shares subject to $51.9 million exchangeable debenture which have a carrying value of $51.9 million at December 31, 1998.

Trimac Corporation

1998 was another year of transition for Trimac Corporation as management continued to execute the Corporation's strategy of focusing on its core businesses of bulk trucking and truck fleet management. Definitive steps were taken with several investment interests and $65.0 million of proceeds realized from the monetization of these investments was returned to shareholders through a substantial issuer bid. An additional $10.0 million was returned to shareholders through normal course issuer bid purchases.

1999 will be a challenging year for Trimac. The lower growth rate anticipated for the North American economy will make it more difficult for Trimac to achieve the level of internal growth in its core business which it has experienced in the past few years. However, these conditions may present a more favorable acquisition environment and management believes that the Corporation is well positioned to capitalize on acquisition opportunities as a result of its strong financial position.

This management discussion and analysis should be read in conjunction with the consolidated financial statements of Trimac Corporation for the year ended December 31, 1998.

Amounts are in millions of Canadian dollars (other than per share amounts), unless otherwise indicated.

Consolidated Results

(thousands of dollars)	1998	Percentage change	1997
Revenues			
- Bulk Trucking	$ 443.4	(1)%	$ 446.1
- Truck Fleet Management	164.3	8%	151.6
	$ 607.7	2%	$ 597.7
Net earnings			
Pretax earnings (loss)			
- Bulk Trucking	$ 18.1	–	$ 18.0
- Truck Fleet Management	6.1	(20)%	7.6
- Other (1)	(7.6)	(65)%	(4.6)
	16.6	(21)%	21.0
Income tax (recovery) expense (2)	(1.1)	(111)%	9.8
Net earnings before equity investments & unusual items (3)	17.7	58%	11.2
Equity accounted investments (4)	7.6	(19)%	9.4
Net earnings before unusual items	25.3	23%	20.6
Unusual items (4)	(16.8)	(143)%	39.5
Net earnings	$ 8.5	(86)%	$ 60.1
Cash from operations			
- Bulk Trucking	$ 48.1	1%	$ 47.8
- Truck Fleet Management	48.6	(4)%	50.4
- Other (1)	(7.6)	(23)%	(6.2)
	$ 89.1	(3)%	$ 92.0

Notes: (1) Includes unallocated corporate overhead and interest expense and certain dilution gains and losses.
(2) From operations
(3) After tax core business earnings
(4) Net of tax

Trimac Corporation's 1998 revenues grew slightly over 1997 from $597.7 to $607.7, an increase of 2%. There was no significant change to the historic revenue mix between bulk trucking and truck fleet management which remained approximately 75%/25%, respectively.

Pretax earnings from core businesses declined by 6% in 1998 compared to 1997, with the entire decrease in Rentway. Overall pretax earnings declined by 21% in 1998 over 1997 due to a $1.7 increase in corporate interest costs combined with the absence of the $2.7 gain on sale of real estate enjoyed in 1997. This decline was partially offset by a $0.8 reduction in corporate administration costs.

During 1998 the Corporation adopted the new accounting standard for the recognition and measurement of future income taxes. The new standard allowed for the recognition in the fourth quarter of the year, of the benefit of previously unrecognized tax loss carryforwards primarily in the U.S. This resulted in a reduction of tax expense of $10.1, as discussed further in Note 3 to the financial statements. The reduction in income tax expense offset the decline in pretax earnings such that net earnings before equity accounted investments and unusual items increased by 58% over 1997.

Earnings from equity accounted investments declined by 19% in 1998 as improved results of BFC Construction and Bantrel and flat results from BOVAR were more than offset by the loss of Chauvco Resources Ltd. earnings due to its sale to Pioneer Natural Resources in December 1997. Management Discussion and Analysis of the financial results of BOVAR and BFC is contained in the annual reports of these companies or otherwise available from the public record.

After tax losses from unusual items in 1998 were a result of write-downs of the carrying value of certain investment interests totaling $16.8 as compared to gains of $39.5 enjoyed in 1997. The bulk of 1998 write-downs were related to the carrying value of Pioneer Natural Resources (net write-down of $13.1), Chauvco Resources International ($2.0), and Intermap Technologies ($1.5).

The write-down of Pioneer is, in effect, a reduction of the $37.7 gain on sale recorded in 1997 in connection with the sale of Chauvco Resources to Pioneer. The remaining Pioneer investment, other than the 1.58 million shares of Pioneer subject to the exchangeable debenture discussed below, has been written down to a value which management feels will be realized over the Corporation's anticipated holding period.

The Chauvco Resources International investment has been completely written-off due to concerns over the

ongoing viability of this entity. The investment in Intermap has also been written-off due to the financial performance of this business to date.

Cash from operations was down in 1998 compared to 1997, consistent with the change in earnings.

Bulk Trucking - Trimac Transportation System Results

(thousands of dollars)	1998	Percentage change	1997
Revenues			
- Canada	$ 293.0	—	$ 293.4
- United States	150.4	(2)%	152.7
	$ 443.4	(1)%	$ 446.1
Pretax earnings			
- Canada	$ 15.2	(5)%	$ 16.0
- United States	2.9	45%	2.0
	$ 18.1	—	$ 18.0
Net capital expenditures			
- Canada	$ 27.6	(7)%	$ 29.7
- United States	5.8	(64)%	16.0
	$ 33.4	(27)%	$ 45.7
Cash from operations			
- Canada	$ 36.3	4%	$ 34.9
- United States	11.8	(9)%	12.9
	$ 48.1	1%	$ 47.8

Revenues

Combined Canadian and U.S. revenues in Trimac Transportation System ("TTS") were down moderately at $443.4 in 1998 compared to $446.1 for the prior year.

Canadian revenues decreased by $0.4 as increased activity in the Eastern Division was more than offset by declines in the more commodity oriented Western Division which suffered as a result of low commodity prices and reduced movements for export to Pacific Rim markets.

Revenues in the United States for 1998 of $150.4 compared to $152.7 in 1997, reflecting lower volumes in the eastern based Chemical Division combined with reduced activity in the western based Dry Bulk and Mining Services Division due to the closure of a significant customer's smelter, offset by the year over year increase in the US/Canadian dollar exchange rate.

On a product basis, reduced volumes in cement, woodchips plus other dry bulk commodities were offset by higher volumes in petroleum and compressed gases.

Pretax earnings

Canadian pretax earnings declined by 5% in 1998 compared to 1997 primarily as a result of higher costs associated with the implementation of several major information technology initiatives designed to enhance operational efficiencies and support future core business growth, partially offset by lower fuel costs. The 45% increase in U.S. pretax earnings is primarily a result of favorable changes in the US/Canadian dollar exchange rate and lower amortization of goodwill due to the $1.1 write-off of goodwill at December 31, 1997.

Capital expenditures

Flat revenue growth dictated flat net capital expenditures in Canada in 1998 of $27.6 compared to $29.7 in 1997. Approximately $8.1 of the 1998 amount was with respect to major new projects and the remainder was for replacement assets. In the United States, net capital expenditures declined to $5.8 in 1998 compared to $16.0 in 1997. This 64% decline was largely due to year over year timing differences in the recording of these expenditures. Capital expenditures were financed by cash from operations and existing credit facilities.

Cash from operations

Cash flow from Canadian operations increased slightly in 1998 to $36.3 as a result of reduced direct operating costs for fuel, equipment maintenance and sub contractors. In the U.S., cash from operations decreased by $1.1 to $11.8 in 1998 primarily as a result of lower revenues and increased interest costs.

Outlook

Trimac Transportation System expects a continuation of the reduced activity in the western Canadian and U.S. resource sectors (pulp and paper, mining, and oil and gas) due to low commodity prices and lower demand from Asian based purchasers of these commodities. Activity in the eastern Canadian and U.S. based markets will likely remain flat if the anticipated general economic slow down materializes. Management believes that the financial strength of Trimac Corporation and TTS leaves TTS well positioned to capitalize on opportunities for acquisitions in the current economic environment.

Truck Fleet Management - Rentway

Results

(thousands of dollars)	1998	Percentage change	1997
Revenues			
- Canada	$ 151.5	7%	$ 141.0
- United States	12.8	21%	10.6
	$ 164.3	8%	$ 151.6
Pretax earnings			
- Canada	$ 7.7	(10)%	$ 8.6
- United States	(1.6)	(60)%	(1.0)
	$ 6.1	(20)%	$ 7.6
Net capital expenditures			
- Canada	$ 59.9	(22)%	$ 77.0
- United States	2.5	(24)%	3.3
	$ 62.4	(22)%	$ 80.3
Cash from operations			
- Canada	$ 47.5	(2)%	$ 48.6
- United States	1.1	(39)%	1.8
	$ 48.6	(4)%	$ 50.4

Revenues

After seven consecutive years of double digit growth in revenues, total revenues of $164.3 in 1998 were limited to an 8% improvement over 1997. This increase in revenues was achieved notwithstanding the switch in early 1998 by Rentway's largest customer from a full service lease to maintenance only contract, which effectively set Rentway's growth back by more than a year. The repurchase by the customer of its Rentway fleet was made as a result of a change in the ownership of the customer and management is confident that this isolated event does not represent a shift away from the trend towards the outsourcing of truck fleets.

Revenue from U.S. operations improved to $12.8 in 1998 compared to $10.6 in 1997 with growth in the two regional markets Rentway has entered. Reduced revenues due to the General Motors strike in the summer slowed anticipated growth in the eastern U.S. branches. Rentway's Portland branch also experienced lower than anticipated growth.

Pretax earnings

Canadian pretax earnings were $7.7 in 1998 compared to $8.6 in the prior year. The decrease in earnings is more than accounted for by reduced earnings in western Canada in the fourth quarter. Weak local economies, unseasonably warm weather (which reduced oil and gas industry related activity) and the above noted fleet repurchase by a customer adversely impacted revenues and earnings in that region. There was a very strong market for used equipment in 1998 which, along with gains on the sale of the equipment repurchased by the above noted customer, provided a resale gain of $8.6.

Rentway's U.S. operations performed significantly below expectations in 1998 as the pretax loss in the U.S. increased to $(1.6) from $(1.0) in the prior year. In late 1998, Rentway closed its money losing operation in Cleveland and restructured its Portland branch to become a satellite of the Seattle branch. A program to increase revenue is being combined with a program to lower costs in each of the branches.

Capital expenditures

Canadian net capital expenditures decreased by 22% in 1998 to $59.9 from $77.0 in 1997, primarily as a result of the aforementioned fleet repurchase. U.S. net capital expenditures decreased to $2.5 from $3.3 due to the downsizing of the U.S. fleet during the year.

Cash from operations

Cash from Canadian operations in 1998 was flat at $47.5 compared to $48.6 in the prior year as increased depreciation in 1998 was offset by the higher resale gains in 1998 over 1997. U.S. cash from operations decreased to $1.1 in 1998 from $1.8 in 1997 in correspondence with reduced earnings.

Outlook

Management continues to see significant opportunity for growth in the market for value added management of large private fleets and third party maintenance programs in Canada. The market for outsourcing of truck fleet management services is expected to grow at rates significantly in excess of the general economy due to the increasing emphasis on truck safety and reliability and the need for customers to improve the efficiency of their transportation functions. The focus of Rentway's efforts will be on select industry segments, including the food, beverage and automotive industries, where Rentway has developed considerable expertise and an industry leading reputation for delivering value added services.

In the U.S. market, management believes that significant growth through strategic acquisitions rather than internal incremental growth, will be required to bring U.S. operations

to an acceptable level of profitability in the near term. In the interim, management will monitor the performance of the existing U.S. operations to determine if additional restructuring steps are required to be taken.

Liquidity, Long Term Debt and Lines of Credit

Trimac Corporation (unconsolidated)

Trimac Corporation follows a policy of providing each subsidiary with equity sufficient to allow it to borrow based on its own balance sheet and has not guaranteed the debt of any subsidiary corporation. The unconsolidated long term debt balance of Trimac Corporation at the end of 1997 was $40.0 due to a $39.5 investment in Fort Chicago Energy Partners L.P. The balance of debt relating to this investment has been reduced to $14.0 by year end 1998 through the sale of other investment interests and dividends from investee companies. As at December 31, 1998, the unconsolidated long term debt balance was $65.9, consisting of the aforementioned $14.0 of debt relating to the Fort Chicago investment plus a $51.9 exchangeable debenture issued in August 1998 to finance the repurchase of 6.2 million shares of the Corporation pursuant to a substantial issuer bid. The debenture, which bears interest at an annual rate of 1.6%, is secured by a pledge of 1.58 million shares of Pioneer Natural Resources owned by the Corporation, and the Corporation has the right to deliver such shares in full satisfaction of its obligation to pay the principal owing under the debenture.

The $14.0 of outstanding debt at December 31, 1998 relates to a $40.0 million credit facility which is secured by the Corporation's interest in certain of its publicly traded investments. Based on the market value of these investments at December 31, 1998, the Corporation had available $18.7 of additional borrowings under the facility at such date. At December 31, 1998 the aggregate market value of the Corporation's publicly traded investments was $92.4 (excluding the 1.58 million Pioneer shares subject to the exchangeable debenture), which significantly exceeded the monies owing under this facility.

Trimac Corporation also has a $15.0 working capital facility with $4.8 outstanding and additional borrowings of $10.2 available under this facility at December 31, 1998.

Cash balances are generally not maintained as cash is used to pay down operating and revolving lines of credit. At December 31, 1998 the cash balance was primarily related to the captive insurance program of TTS for workers' compensation purposes.

Trimac Corporation anticipates that it will have sufficient financial resources to meet its obligations and provide the necessary equity to fund the growth of its core businesses.

Trimac Transportation System

The following outlines the changes in Trimac Transportation System's long term debt during 1998 and 1997:

	1998	1997
Balance at beginning of year	$ 87.9	$ 80.0
Increase in long term debt	6.2	13.0
	94.1	93.0
Repayments of long term debt	(4.5)	(5.1)
Balance at end of year	$ 89.6	$ 87.9

Long term debt of TTS increased by 1.9% to $89.6 in 1998 as a result of ordinary course capital expenditures. The credit facilities of TTS generally consist of revolving term facilities for equipment purchases and real estate, term real estate loans and revolving demand working capital facilities. At December 31, 1998 unused lines of credit totaled $45.6 for the equipment facilities, $0.6 for the real estate lines and $14.8 for the working capital facilities. The facilities may generally be used to the extent of 90% of net book value of vehicles for the equipment line, 75% of appraised real estate values for the real estate lines and 75% of current accounts receivable for the working capital lines. Except in respect of certain real estate loans, no principal repayments are required provided the outstanding debt under these lines exceeds the foregoing thresholds and the other covenants of the facilities are complied with.

Trimac Transportation System has in place $20.0 of interest rate caps covering 1999 with a strike price of 10.0% based on Canadian Bankers Acceptances. These interest rate caps were purchased in 1996 and no additional interest rate caps were purchased in 1998. Other than the foregoing, borrowings are generally at floating rates. At current debt levels, a one percent increase in the prime or base rate will reduce net earnings by approximately $0.5 ($0.01 per share).

Trimac Transportation System targets a long term debt to equity ratio of between 1.0 - 1.5 to 1.0. The long term debt to equity ratio as at December 31, 1998 and 1997 was 0.73:1 and 0.92:1, respectively.

Trimac Transportation System anticipates it will have adequate financial resources to fund the ongoing operations and future growth of its business.

Rentway

The following outlines the changes in Rentway's long term debt during 1998 and 1997.

	1998	1997
Balance at beginning of year	$ 186.4	$ 158.6
Increase in long term debt	150.4	109.1
	336.8	267.7
Repayments of long term debt	(133.0)	(81.3)
Balance at end of year	$ 203.8	$ 186.4

The $17.4 net increase in long term debt during 1998 was used to finance net capital expenditures not covered by cash from operations. The credit facilities of Rentway generally consist of revolving term facilities for equipment purchases, term real estate loans and revolving demand working capital facilities. Equipment purchase facilities consist of bank lines and credit provided by the finance subsidiaries of equipment manufacturers. Effective January 11, 1999, all bank equipment facilities of Rentway were consolidated into a new $205 syndicated loan facility. The aggregate credit limit under manufacturers facilities at December 31, 1998 was $110 million. Rentway generally prefers to finance equipment purchases through the bank facilities as the cost of funds under these facilities is approximately 2% lower than the manufactures facilities.

The facilities may generally be used to the extent of 90% of net book value of vehicles and 75% of current accounts receivable. Assuming the new syndicated equipment loan was in place at December 31, 1998, unused lines of credit at such date would have totaled $124.0 for the equipment loan facilities, and $4.9 for the working capital facilities.

The leasing business requires a higher degree of leverage than the bulk trucking business in order to earn an acceptable return on equity. Rentway targets a long term debt to equity ratio between 5:1 and 6:1. The long term debt to equity ratio as at December 31, 1998 and 1997 was 5.3:1 and 5.4:1, respectively.

Rentway manages its debt load exposure by matching the duration of a particular lease or group of leases to fixed rate debt with a similar term. This also reduces exposure to interest rate fluctuations because the lease agreements incorporate the prevailing interest rate of the related debt. Approximately 56% of Rentway's debt is at fixed rates for terms matching the applicable leases. Financing for rental vehicles (term usually less than one year) is generally done at floating rates.

Rentway anticipates it will have adequate financial resources to fund the ongoing operations and future growth of its business.

Interest

Consolidated interest expense increased to $22.1 in 1998 from $17.6 in 1997. Trimac Corporation's (unconsolidated) interest expense increased in 1998 as a result of the increased debt relating to the Fort Chicago investment and the $51.9 exchangeable debenture, combined with moderately higher interest rates. Higher interest rate levels together with additional borrowings to fund operations also increased interest costs to both TTS and Rentway.

Income taxes

As explained previously, the tax provision recorded in 1998 was significantly lower than was provided in 1997 as a result of the change in accounting methods for future income taxes.

Corporate Developments

A total of $88.1 of the Corporation's non-strategic investment interests were sold or otherwise monetized in 1998 as management pursued its stated objective of selling such investments and focusing on the Corporation's core businesses. Significant value was returned to shareholders through the $65.0 substantial issuer bid completed in August 1998, in addition to $10.0 of share purchases during the year under the Corporation's normal course issuer bid program. The remainder of these proceeds together with a $19.6 distribution on BOVAR shares was used to reduce corporate debt.

A total of 6.2 million shares were purchased under the substantial issuer bid and an additional 1.03 million shares were purchased during the year under the normal course issuer bid. Share repurchases (net of 0.3 million shares issued pursuant to the exercise of stock options) reduced the number of outstanding shares by 17.0% from 40.6 million to 33.7 million at December 31,1998. Share repurchases were funded through the issuance of the $51.9 exchangeable debenture and the sale of investment interests.

Particulars of these transactions are contained in the notes to the consolidated financial statements of Trimac Corporation for the year ended December 31, 1998.

Risks and Uncertainties

Trimac Corporation

Trimac Corporation's principal risks and uncertainties relate to its core businesses of bulk trucking and truck fleet management. The Corporation's exposure to the cyclicality of the oil and gas industry was significantly reduced in February 1997 through the spin-out of Kenting Energy Services and subsequent sales of oil and gas related investments; however, the Corporation retains some exposure to this industry through certain of its remaining investment interests.

The "Year 2000 issue" is the general term used to refer to certain business implications of the arrival of the year 2000. These implications arise from the practice of classifying a year by the last two-digits of the applicable year in computer hardware and software. For example, the designation of the year 2000 as "00", may cause many existing computer systems to either fail or create erroneous data as a result of the misinterpretation of the year.

The Corporation and its businesses are highly dependent on information technology. Management recognizes that the result of any failure of computer systems due to year 2000 issues could range from relatively minor processing inaccuracies to catastrophic system malfunctions which could jeopardize the viability of the businesses. In September of 1997 the Corporation and its core businesses completed a "Year 2000 Compliance Plan" which covers awareness, replacement of legacy systems, upgrade activities, application conversions, operations equipment assessment, and communications with major suppliers and customers. To date the implementation of the plan is on schedule and all internal matters within the Corporation's control are scheduled for completion by the third quarter of 1999. Management currently believes that all such internal issues will be dealt with sufficiently in advance of the year 2000 such that they will not have a material adverse impact on the businesses, operating results or financial position of the Corporation.

The Corporation has experienced difficulty in obtaining adequate responses from a significant number of its suppliers and customers regarding the status of their Year 2000 compliance programs. While the Corporation plans to continue with its efforts to communicate with suppliers and customers, a business continuity plan is currently being developed to attempt to deal with this and other matters and events over which the Corporation has little or no control. It is possible that certain of such matters or events could have a significant adverse impact on the businesses, operating results or financial position of the Corporation.

The Year 2000 Compliance Plan encompasses several major information technology initiatives which were previously underway such that the costs to be incurred under the plan do not vary significantly from that which would otherwise have been incurred; however, in many cases the timing of such expenditures has been accelerated. Information technology costs are capitalized in accordance with note 2 to the consolidated financial statements of the Corporation for the year ended December 31, 1998.

Trimac Transportation System

Trimac Transportation System's business is subject to numerous risks and uncertainties, certain of which are outlined below:

General economic conditions - The business of TTS has a generally positive correlation with the strength of the North American economy. The wide range of products transported and the geographic dispersion of its operations across North America provides a degree of diversification such that TTS is not overly dependent upon any particular industry, customer or geographic region.

Interest rates - The majority of TTS' debt is at floating rates and increases in interest rates adversely impact the profitability of TTS' operations, as discussed above under "Liquidity, Long Term Debt and Lines of Credit".

Weather - Weather can have a significant impact on the profitability of TTS' operations. Harsh weather conditions, such as extreme cold, storms or flooding, can impede the movement of bulk materials and increase operating costs for the goods that are able to be moved.

Labor - Labor costs comprise the largest single cost in the bulk trucking business. The ability of the Corporation to negotiate fair and equitable pay for its labor force, some of which are represented by unions, is an important factor in the success of the Corporation. The Corporation believes that its progressive labor relations management approach has been a significant factor in the fact that TTS has never had a labor strike or lock-out; however, there can be no assurance that labor disruptions will not be experienced in the future.

The trucking industry has suffered from a shortage of

qualified drivers in recent years. The ability of TTS to continue to attract and retain qualified drivers will be an important factor in the success of TTS.

Fuel prices - Diesel fuel costs are the second largest operating cost. Changes in fuel prices are mitigated by fuel price adjustment clauses in many of TTS' longer term contracts.

Information technology - TTS has spent and continues to spend significant monies on various information technology initiatives designed to reduce overall costs and enhance the competitive position of the business by allowing TTS to deliver higher value and more cost effective services to its customers. TTS' major competitors appear to be undertaking similar initiatives and the relative success of TTS' programs compared to its competitors will be an important factor in the success of TTS.

Rentway

Rentway's business is subject to numerous risks and uncertainties, certain of which are outlined below:

Truck fleet management product innovation - Rentway has chosen to distinguish itself from its competitors by focusing on the value added aspects of truck fleet management rather than the more traditional focus on full service lease sales. The future success of Rentway will be in large part dependent on its ability to continue to develop innovative products and value added services which distinguish Rentway from its competitors.

Information technology - Rentway's information technology initiatives are the cornerstone of its strategic focus on the development of innovative value added truck fleet management services which continue to differentiate Rentway from its competitors. Accordingly, the success of these initiatives will be an important factor in the success of Rentway.

Interest rates - The truck leasing business is capital intensive, with substantially all lease and rental vehicles being financed. As a result, the leasing and rental components of Rentway's business are sensitive to interest rate fluctuations. Rentway generally matches interest rates with its fixed rate lease revenues. The ability to obtain financing at rates competitive with other major leasing corporations is an important factor in the ability of Rentway to compete and remain profitable in this segment of its operations.

Equipment resale - The price received on sales of used equipment is an important factor in the overall profitability of a truck leasing business. The price received for used trucks is dictated by the level of demand for used trucks which in turn is generally dictated by the level of production of new vehicles versus the demand for new vehicles and the overall strength of the Canadian and U.S. economies. Rentway closely monitors these indicators to assist in the timing of resale decisions.

Trimac Corporation

- *Over 52 year history of creating shareholder value*
- *Financial strength - investment interests available to finance growth*
- *Annual dividend*
- *Aggressive share buy-back program*

core business focus

S y

Trimac Transportation System

- *Premier North American bulk trucking company*
- *Coast to coast operations*
- *Blue chip customers*
- *Diversity of industries served*
- *Significant portion of revenues under long-term contract*
- *Industry leading information technology*

- *Customer service alternatives*
- *Terminal locations/facilities sharing*
- *Equipment maintenance and utilization*
- *Purchasing power*
- *Information technology sharing*

n e r g i e s

Rentway

- *One of 2 national truck leasing operations in Canada*
- *Largest purchaser of heavy duty trucks in Canada*
- *Largest and best network of heavy duty truck shops in Canada*
- *Quality service - ISO 9002 registered*
- *Significant portion of revenues under long-term contract*
- *Industry leading information technology*

Management Report

The accompanying financial statements are the responsibility of management and have been prepared in accordance with generally accepted accounting principles and, where appropriate, reflect estimates based on management's judgement. In addition, all other financial and operating information contained in the annual report is the responsibility of management and is consistent with the information in the financial statements.

Adequate systems of internal control are maintained to provide reasonable assurance as to the completeness and accuracy of all financial information as well as to safeguard assets. These internal controls include the delegation of authority and the segregation of responsibilities in accordance with policies and procedures.

The Board of Directors appoints an Audit Committee which is comprised of non-management directors. The Audit Committee meets at least twice a year with management and PricewaterhouseCoopers LLP, the external auditors. The Committee reviews, among other things, accounting policies, annual financial statements, the results of the external audit examination and the management discussion and analysis included in the annual report. The Audit Committee reports its findings to the Board of Directors so that the Board may properly approve the annual financial statements.

J. J. McCaig
President and Chief Executive Officer

T.J. Owen
Vice President and Chief Financial Officer
February 4, 1999

Auditors' Report

To the shareholders of
TRIMAC CORPORATION

We have audited the consolidated balance sheets of Trimac Corporation as at December 31, 1998 and 1997 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Trimac Corporation as at December 31, 1998 and 1997 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta
February 4, 1999

	Year ended December 31 (Note 1)	
(thousands of dollars except per share amounts)	1998	1997
Revenues	$ 607,658	$ 597,669
Operating Costs and Expenses		
Direct	404,780	401,956
Selling and administrative	86,898	82,685
Depreciation and amortization	86,137	79,825
Gain on sale of assets (net)	(8,767)	(5,365)
	569,048	559,101
Operating Earnings	38,610	38,568
Interest – long term debt	22,015	16,465
– other interest (net)	36	1,091
	22,051	17,556
Earnings Before Unusual Items	16,559	21,012
Unusual items - (loss) gain recognized on disposal or write down of investments (Note 6)	(36,067)	77,430
Earnings Before Taxes	(19,508)	98,442
Income tax (recovery) expense (Note 5)	(20,332)	47,688
Earnings Before Equity Accounted Investments	824	50,754
Equity accounted investments (Note 7)	7,655	9,393
Net Earnings	$ 8,479	$ 60,147
Earnings Per Share		
Net earnings - basic	$ 0.22	$ 1.48
- fully diluted	0.22	1.43

Consolidated Statement of Retained Earnings

	Year ended December 31 (Note 1)	
(thousands of dollars)	1998	1997
Retained Earnings, Beginning of Year, As Previously Reported	$ 226,890	$ 166,884
Adjustment – accounting policy change (Note 3)	6,208	—
Retained Earnings, Beginning of Year, as Restated	233,098	166,884
Net earnings	8,479	60,147
Dividend paid on common shares	(7,365)	(7,302)
Repurchase of common shares	(59,948)	(2,322)
Other equity changes	—	9,483
Retained Earnings, End of Year	$ 174,264	$ 226,890

	December 31	
(thousands of dollars)	1998	1997
Assets		
Current Assets		
Cash and term deposits	$ 7,256	$ 4,912
Accounts receivable	69,021	67,052
Income taxes recoverable	—	1,626
Materials and supplies	7,519	6,993
Prepaid expenses	18,658	18,142
	102,454	98,725
Investments (Note 7)	179,965	255,639
Fixed Assets, Net (Note 9)	447,125	425,549
Goodwill (Note 10)	6,494	7,038
Other	309	1,199
	$ 736,347	$ 788,150
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank advances, secured (Note 11)	$ 24,057	$ 27,802
Accounts payable and accrued	56,087	59,503
Income taxes payable	2,710	—
Current maturities of long term debt (Note 12)	1,722	1,822
	84,576	89,127
Long Term Debt (Note 12)	357,604	312,519
Future Income Taxes (Note 3)	36,136	68,840
	478,316	470,486
Shareholders' Equity		
Common share capital (Note 13)	70,380	83,414
Cumulative translation adjustment	13,387	7,360
Retained earnings	174,264	226,890
	258,031	317,664
Contingencies and Commitments (Notes 15 and 16)		
	$ 736,347	$ 788,150

Approved by the Board:

J.R. McCaig

J.R. (Bud) McCaig
Director

J.J. (Jeff) McCaig
Director

(thousands of dollars)	Year ended December 31 (Note 1) 1998	1997
Cash Provided (Used)		
Operations		
Net earnings	$ 8,479	$ 60,147
Depreciation and amortization	86,137	79,825
Gain on sale of assets (net)	(8,767)	(5,365)
Future income taxes	(25,346)	42,989
Equity accounted investments (Note 7) – net earnings	(7,655)	(9,393)
Unusual items	36,067	(77,430)
Other	193	1,252
Cash From Operations	89,108	92,025
Cash used by unusual items	(1,050)	—
Net change in non cash working capital balances	(2,091)	(14,055)
Net Cash Flow	85,967	77,970
Investments		
Purchase of fixed assets	(174,699)	(161,884)
Proceeds on sale of fixed assets	78,900	38,137
Net capital expenditures	(95,799)	(123,747)
Acquisition of transportation businesses (Note 8)	—	(12,741)
Increase in investments (Note 7)	(14,677)	(41,867)
Proceeds on disposal of investments (Note 7)	67,053	9,475
Other	(549)	2,600
Cash Used by Investments	(43,972)	(166,280)
Financing		
Increase in long term debt	74,959	80,693
Repayments of long term debt	(30,518)	(5,437)
	44,441	75,256
Net change in bank advances	(3,745)	12,992
Increase in common shares	2,130	3,898
Repurchase of common shares	(75,112)	(2,896)
Dividend paid on common shares	(7,365)	(7,302)
Other interdivisional advances and changes in equity	—	7,104
Cash (Used in) Provided by Financing	(39,651)	89,052
Increase in cash	2,344	742
Cash, beginning of year	4,912	4,170
Cash, End of Year	$ 7,256	$ 4,912

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 1 – Plan of Arrangement and Financial Statement Presentation

On February 1, 1997, Trimac Limited completed a Plan of Arrangement whereby Trimac Limited was divided into two public companies, Trimac Corporation and Kenting Energy Services Inc. ("Kenting").

Pursuant to the Plan of Arrangement, Trimac Corporation and its subsidiaries ("the Corporation") effectively acquired 100% of the transportation services businesses (bulk trucking and truck fleet management), 60% of the U.S. environmental services business and minority interests in the businesses of associated corporations (collectively, "the Transportation business") previously owned by Trimac Limited. Kenting and its subsidiaries owned the oil and gas drilling business and a minority interest in Computalog Ltd. ("the Drilling business") previously owned by Trimac Limited.

These consolidated financial statements are presented on the basis that the Transportation business has existed and been owned by the Corporation for as long as Trimac Limited owned these businesses. The amounts for the period January 1 to January 31, 1997 are the historical amounts related to the Transportation business of Trimac Limited. The amounts for the period February 1, 1997 to December 31, 1997 and for 1998 are those of the Corporation. Earnings per share for the period preceding the effective date of the Plan of Arrangement are based on the number of shares issued and outstanding of Trimac Limited. The other equity changes appearing on the consolidated statement of retained earnings represent payments and receipts of amounts to and from the Drilling business prior to the Plan of Arrangement together with costs of the arrangement.

In prior years, certain deductions for tax purposes were shared between the Drilling business and the Transportation business. For purposes of these financial statements, the tax provision charged to earnings for the period preceding the effective date of the Plan of Arrangement has been based on the pretax accounting income of each division.

Note 2 – Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Principles of Consolidation

These consolidated financial statements include the accounts of Trimac Corporation and its subsidiaries which are 100% owned.

Due to the nature of its long term leasing contracts with customers, the truck fleet management subsidiary prepares a non-classified balance sheet which is consolidated without adjustment.

Investments are accounted for as disclosed in Note 7.

Fixed Assets

Depreciation is provided at rates which will amortize costs to estimated residual values, over the assets' estimated useful lives, mainly as follows:

Asset	Depreciation method	Estimated useful life (years)
Highway tractors	Varying percentages of original cost (residual - 5%)	7
Highway trailers	Straight line (residual - 4%)	7 - 10
Rental vehicles	Varying percentages of original cost	3
Lease vehicles	Varying percentages of original cost	3 - 5
Buildings and other	Various	3 - 25

Software development costs and interest are capitalized with respect to assets under construction.

Note 2 – Summary of Significant Accounting Policies - continued

Goodwill

Goodwill is being amortized on a straight line basis primarily over periods of up to 10 years. The value of the unamortized portion of goodwill is assessed for impairment annually by reference to the entity's operating income.

Reclassification

Certain amounts presented in the Consolidated Cash Flow Statement have been reclassified from those presented in prior periods. Cash from operations remains unchanged.

Future Income Taxes

During 1998, the Corporation adopted new Canadian Institute of Chartered Accountants standard for the recognition, measurement and disclosure of future income taxes (Section 3465). This is described further in Note 3.

Note 3 – Change in Accounting Policy

In the fourth quarter of 1998, the Corporation changed its policy of accounting for income taxes and the provisions of Section 3465 of the Handbook of the Canadian Institute of Chartered Accountants were adopted effective January 1, 1998. The provisions were applied retroactively without restatement of prior period financial statements. At January 1, 1998, the future income tax liability was reduced by $5,850,000, goodwill was increased by $358,000 and opening retained earnings were increased by $6,208,000. These adjustments were primarily as a result of recognizing the future benefit of a portion of tax loss carryforwards which were previously unrecorded and to recognize the difference between accounting and tax values on previous acquisitions. The effect in 1998 was to increase net earnings by $10,083,000 primarily as a result of recognizing the benefit of certain additional tax loss carryforwards in the U.S.

Note 4 – Financial Instruments

The Corporation does not hold or issue derivative financial instruments for trading purposes. While the availability of derivative financial instruments with respect to foreign exchange and interest rates is monitored, it has not been considered necessary to hedge such items, other than as outlined below.

Financial assets and liabilities include those reflected on the balance sheet (cash, accounts receivable, accounts payable) and, given their current nature, are considered to be shown at fair value.

Trimac Transportation System hauls a wide variety of bulk materials for a broad customer base which spans numerous industries. Longer term hauling contracts are generally with large, well established customers. Given the strength and diversity of the customer base, the credit risks are not considered overly concentrated. Bad debts have not been material.

Virtually all long term debt of Trimac Transportation System is subject to floating interest rates which approximate rates currently available for debt with similar terms and maturities. Accordingly, the fair value of long term debt is not considered materially different than the amounts reflected in the balance sheet.

Trimac Transportation System has $20.0 million of interest rate caps in effect for 1999 with a strike price of 10.0% based on Canadian Bankers Acceptances.

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 4 – Financial Instruments - continued

Long term leases with customers of the truck fleet management business (Rentway) in Canada are generally funded with fixed rate debt matched to the lease term. U.S. assets are funded with U.S. debt which is generally matched to the lease terms and amounts. Long term operating lease contracts with customers have some of the characteristics of financial assets and, except for the current month, are not recognized on the balance sheet. The gross amounts and discounted amounts of such leases are as follows:

Amounts due in:	Gross	Discounted at 7%
1999	$ 67,217	$ 64,981
2000	47,256	42,695
2001	36,652	30,949
2002	25,941	20,472
2003	15,609	11,512
Thereafter	11,675	8,047
	$ 204,350	$ 178,656

The above amounts comprise only the fixed portion of full service lease payments: the costs of the related future maintenance have not been deducted. Future revenue from short term rentals and proceeds on disposal of vehicles are not included in the above amount.

These contracts are generally with well established entities, primarily across Canada, and no single customer represents greater than 10% of total truck fleet management revenues. Accordingly, there is not considered to be a concentration of credit risk. Bad debts have not been significant and, if lease payments cease, the vehicle may be repossessed.

For floating rate debt, the stated amount of outstanding principal is considered fair value. Rentway's fixed rate debt was $98,135,000 at December 31, 1998. The estimated fair value using the present value of expected cash outlays for principal and interest based on an estimated rate for long term debt with similar terms and remaining maturities was $98,711,000.

Rentway's exposure to interest rate risk with respect to fixed rate long term debt outstanding at December 31, 1998 is summarized as follows:

Interest rates:		Maturity dates of principal			
From	To	1999	2000 - 2003	After 2003	Total
5.00%	6.99%	$ 7,463	$ 17,657	$ 5,192	$ 30,312
7.00%	8.99%	23,091	39,316	—	62,407
9.00%	11.00%	4,155	1,261	—	5,416
		$ 34,709	$ 58,234	$ 5,192	$ 98,135

The above risk is mitigated by payments from customers under long term leases which are matched to the applicable long term fixed rate debt.

Note 5 – Income Taxes

The income tax provision is comprised of the following:

	Year ended December 31	
	1998	1997
Current	$ 5,014	$ 4,699
Future	(25,346)	42,989
	$ (20,332)	$ 47,688

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 5 – Income Taxes - continued

The provision varies from what would otherwise be expected for the following reasons:

	Year ended December 31			
	1998		1997	
	Amount	Percentage of earnings before tax	Amount	Percentage of earnings before tax
Computed "expected" tax	$ (8,701)	(44.6)	$ 43,905	44.6
Recognition of previously unrecorded loss benefits	(9,553)	(49.0)	(3,278)	(3.3)
Loss for which no tax benefit has been recognized	—	—	426	0.4
Difference between accounting and tax cost base on gains net of non taxable/deductible portion of capital disposals	3,904	20.0	4,200	4.3
Increase in tax base of certain investments	(7,512)	(38.5)	—	—
Capital taxes	1,555	8.0	1,277	1.3
Other	(25)	(0.1)	1,158	1.1
	$ (20,332)	(104.2)	$ 47,688	48.4

During 1989, the Trimac Limited consolidated group acquired two contract drilling businesses. One of the assets acquired related to losses and tax costs in excess of book costs carried forward for income tax purposes. A benefit of $11.6 million which has been recognized as income, is subject to the ultimate acceptance by taxing authorities. In the opinion of management, such claim will be accepted.

Note 6 – Unusual Items

(Loss) gain recognized on disposals or write-down of investments:

	1998	1997
Pioneer Natural Resources Company (Note 7 (c))	$ (30,754)	$ —
Chauvco Resources International Ltd. (Note 7 (c))	(3,004)	—
Intermap Technologies Ltd. (Note 7 (e))	(2,283)	—
EVI Inc. (Note 7 (f))	970	—
North Pole Capital Investments Ltd. (a)	(1,050)	—
Chauvco Resources Ltd. (Note 7 (c))	—	75,599
CleanCare Corporation (Note 7 (d))	—	2,187
Taro Industries Limited (Note 7 (f))	—	(356)
Other	54	—
	$ (36,067)	$ 77,430

(a) The loss was incurred as a result of a write-down of this investment to current market values.

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 7 – Investments

The Corporation's share of net earnings from investments and the related carrying and market values at December 31 were as follows:

	Year ended December 31					
	1998			1997		
Equity accounted investments	Net earnings (loss)	Carrying value	Market value	Net earnings (loss)	Carrying value	Market value
BFC Construction Corporation	$ 3,334	$ 29,509	$ 17,904	$ 226	$ 26,175	$ 20,795
Bantrel Inc. (a)	2,018	2,682	2,682	1,025	2,264	2,264
BOVAR Inc. (b)	2,142	6,731	9,780	2,150	24,148	29,339
Chauvco Resources Ltd. (c)	—	—	—	5,133	—	—
CleanCare Corporation (d)	—	—	—	81	—	—
IITC Holdings Ltd. (e)	579	509	509	374	1,939	2,243
Taro Industries Limited (f)	—	—	—	404	7,409	7,409
Transportation Implementing Services Limited Partnership (g)	—	4,192	4,192	—	—	—
Other (h)	(418)	2,290	2,290	—	2,345	2,345
	$ 7,655	$ 45,913	$ 37,357	$ 9,393	$ 64,280	$ 64,395
Cost accounted investments						
Chauvco Resources International Ltd. (c)	$ —	$ —	$ —	$ —	$ 3,004	$ 8,248
Fort Chicago Energy Partners L.P. (c)	—	39,522	42,613	—	39,522	41,582
Intermap Technologies Ltd. (e)	—	—	—	—	2,276	2,914
Newalta Corporation	—	12,775	7,500	—	12,775	22,125
Pioneer Natural Resources Company (c)	—	76,865	66,470	—	133,782	140,710
Other (i)	—	4,890	4,890	—	—	—
	$ —	$134,052	$121,473	$ —	$191,359	$215,579
Total Investments	$ 7,655	$179,965	$158,830	$ 9,393	$255,639	$279,974

Increases in investments and proceeds from disposal and dividends received from investments were as follows:

	Year ended December 31	
Increases in Investments	1998	1997
EVI Inc. (f)	$ 8,524	$ —
Fort Chicago Energy Partners L.P. (c)	—	39,522
Other (h, i)	6,153	2,345
	$ 14,677	$ 41,867
Proceeds from disposal and dividends received		
Bantrel Inc. (a)	$ 1,600	$ —
BOVAR Inc. (b)	19,559	—
CleanCare Corporation (d)	—	5,977
EVI Inc. (f)	9,494	—
IITC Holdings Ltd. (e)	1,333	2,998
Intermap Technologies Ltd. (e)	437	500
Pioneer Natural Resources Company (c)	26,163	—
Taro Industries Limited (f)	7,409	—
Other (i)	1,058	—
	$ 67,053	$ 9,475

Note 7 – Investments - continued

(a) The market value of Bantrel Inc. has been shown at its carrying value as Bantrel is a privately held company and the value is not readily ascertainable. Management is of the opinion, however, that the market value is in excess of carrying value.

(b) During 1997 the Corporation's equity interest in BOVAR Inc. was increased to over 50% as a result of the repurchase by BOVAR of certain of its own shares. It was the Corporation's intention to dispose of a sufficient number of its shares in BOVAR Inc. to bring its ownership interest to below 50%. During 1998 the Corporation's equity interest in BOVAR was reduced to slightly less than 50%. Therefore, the level of equity interest was viewed to be temporary and control not considered to exist. The shares of BOVAR Inc. are publicly traded and financial statements are available from the company or through the public record.

BOVAR completed the sale of its non-waste management businesses during 1998. The Corporation received from BOVAR a $0.41 per share return of capital along with a $0.09 per share dividend on November 30, 1998 ($0.50 per share total).

(c) On December 18, 1997 Chauvco Resources Ltd. ("Chauvco") completed a restructuring involving: (1) an exchange of Chauvco common shares for shares of Pioneer Natural Resources Company ("Pioneer"), a publicly traded U.S. independent oil and gas producer; and (2) a spin off of Chauvco Resources International Ltd. ("CRIL") to Chauvco shareholders.

The Corporation received 3,394,266 shares of Pioneer (or shares exchangeable into Pioneer shares) and 6,873,392 shares of CRIL pursuant to the restructuring. The Corporation recorded a gain on sale of $ 75.6 million ($37.7 million after tax) on the exchange of Chauvco shares for shares in Pioneer.

On December 8, 1997 the Corporation acquired 6,873,392 units of the Fort Chicago Energy Partners L.P. at a cost of $39.5 million ($5.75 per unit). Fort Chicago acquired Chauvco's interest in the Alliance Pipeline Projects.

During 1998, the Corporation sold 731,842 Pioneer shares outright for proceeds of $26.2 million. An additional 1.58 million shares are subject to exchange under the $51.9 million exchangeable debenture described in Note 12 at a rate of $32.84 per Pioneer share. The shares subject to the exchangeable debenture have been written-down to the exchange rate for the shares under the debenture. The remaining 1,082,424 Pioneer shares have been written down to US$15.00 ($23.07). Total after tax write-downs and losses on the sale of Pioneer shares were partially offset by a reversal of $7.4 million of the tax provision recorded in 1997 on the gain on sale of Chauvco. The net loss/write-down on the year for this investment was $13.1 million.

The Corporation has written-off its entire investment in CRIL of $3.0 million ($2.0 million after tax) as CRIL's shares have been delisted from The Toronto Stock Exchange and the company has been declared bankrupt.

(d) On August 27, 1997 the Corporation sold its 60% interest in CleanCare Corporation for $6.0 million, resulting in a $2.2 million gain on disposal.

(e) The voluntary liquidation of IITC which commenced in 1995 continued in 1998. At December 31, 1998 cumulative distributions received by the Corporation totaled $13.40 per IITC share or $29.8 million. Distributions in 1997 were comprised of 11,105,265 shares of Intermap Technologies Ltd. valued at $0.25 per share ($2.8 million total) and cash of $1.35 per share ($3.0 million total). In 1997 the Corporation sold 2,000,000 of its Intermap shares for $500,000 ($0.25 per share). In 1998, the Corporation received from IITC a further distribution of 4,442,000 Intermap shares at a value of $0.10 per share ($444,000 total) and cash of $0.60 per share ($1.3 million total). The Corporation sold 1,250,000 Intermap shares during 1998 for $437,500 ($0.35 per share). The remaining assets of IITC consist of contingent assets of uncertain value.

The Corporation has written-off its investment in Intermap due to the financial performance of the company to date.

(f) On January 15, 1998 each outstanding share of Taro Industries Limited was exchanged for 0.123 shares of EVI, Inc., a publicly traded oilfield equipment manufacturing and supply company. At December 31, 1997 the Corporation wrote it's Taro investment down to the trading value of EVI shares received less costs of disposition and recorded a $356,000 loss. The Corporation disposed of its investment in EVI in 1998, realizing a $970,000 gain on sale ($645,000 after tax).

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 7 – Investments - continued

(g) In December 1998, the Corporation contributed $4.2 million of assets relating to the "field support system" (dispatch, invoicing and driver pay information system) of its bulk trucking subsidiary to the Transportation Implementing Services Limited Partnership in exchange for an interest in the Limited Partnership. The Limited Partnership is managed by a subsidiary of TMW Trucking Systems, Inc. (the vendor of the software upon which the field support system is based). The Limited Partnership was established to provide development, training and implementation services to TMW and its customers.

(h) Consists primarily of a non-controlling investment in a corporation involved in the development and sale of information technology systems relating to the Corporation's core bulk trucking and truck fleet management businesses. The Corporation made an additional investment of $608,000 in this corporation during 1998.

(i) In late 1997, the Corporation invested $345,000 in a corporation involved in electronic grain trading and freight planning. The Corporation made an additional investment of $167,000 in this business in 1998. During 1998 the Corporation made a loan of $5.1 million to a third party corporation involved in the bulk trucking business. The loan bears interest at Canadian prime plus 1%, is secured by a second charge on the assets of the borrower and is repayable in equal quarterly payments commencing in 2000. The borrower made a voluntary prepayment of $1.0 million in September of 1998.

Note 8 – Acquisitions of Transportation Businesses

During 1997 the Corporation purchased substantially all of the assets of the following companies:

Company	Effective Date	Type of Purchase
Coastal Bulk Transport Limited	February 21, 1997	Asset
Brunswick Bulk Transport Limited	February 21, 1997	Asset
Quinnsway Transport Limited	February 21, 1997	Asset
Brunswick Bulk U.S.A.	February 21, 1997	Asset
L & R Transport Ltd.	August 18, 1997	Asset
Richardson Transport Ltd.	October 31, 1997	Asset

The allocation of the purchase price for these acquisitions was as follows:

	1997
Working capital	$ 4,611
Fixed assets	3,408
Other assets	137
Goodwill	4,585
	$ 12,741

Note 9 – Fixed Assets

The cost of fixed assets and net book value at December 31, by major classification are as follows:

	1998		1997	
	Cost	Net book value	Cost	Net book value
Highway transportation equipment	**$ 295,197**	**$ 123,225**	$ 283,447	$ 122,933
Lease and rental vehicles	**354,154**	**238,968**	334,122	225,437
Other	**92,609**	**36,967**	73,692	28,481
	741,960	**399,160**	691,261	376,851
Land, buildings and yard improvements	**70,098**	**47,965**	69,905	48,698
	$ 812,058	**$ 447,125**	$ 761,166	$ 425,549

Software development costs capitalized in 1998 were $9.0 million (1997 - $4.3 million).

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 10 – Goodwill

During 1997, the Corporation recorded additional amortization of $1.1 million for a write-down of goodwill arising from the 1990 acquisition of a subsidiary, Trimac Bulk Transportation, Inc.

Note 11 – Bank Advances

Bank advances, secured primarily by accounts receivable, are at rates generally at prime with other rate options. Unused credit lines totaled $30.0 million at December 31, 1998.

Note 12 – Long Term Debt

Details of long term debt at December 31, are as follows:

	1998	1997
Bulk trucking		
Canada (a)	$ 84,547	$ 78,925
U.S.A. (b)	5,065	8,993
	89,612	87,918
Truck fleet management (c)	203,833	186,423
Corporate (d)	14,000	40,000
Exchangeable Debenture (e)	51,881	—
	359,326	314,341
Less: current portion	1,722	1,822
	$ 357,604	$ 312,519

(a) The loans are secured by certain highway transportation equipment, computer equipment and certain real estate properties under floating charge debentures. Interest rates are floating at Canadian prime with other rate options. The amounts outstanding are mainly revolving and may be terminated by defined notice. On termination, the loans are repayable primarily over a period of eight years.

(b) The loans include revolving loans and are secured by certain highway transportation equipment and certain real estate properties. Interest rates are floating and range from U.S. base to U.S. base plus 1/2% with other rate options. The revolving loans may be terminated by defined notice. On termination, the loans are repayable over a period of six to eight years.

(c) The loans are secured by certain lease and rental vehicles. Interest rates are fixed and floating. Fixed rates range from 4.7% to 9.8% and floating rates generally range from Canadian prime to prime plus 1%, with other rate options. The amounts outstanding are revolving and may be terminated by defined notice. On termination, the loans are repayable over periods of up to five years.

(d) The loan is secured by certain of the Corporation's publicly traded investment interests. There are no specific repayment terms. Interest rates are floating at Canadian prime with other rate options.

(e) During 1998 the Corporation issued, on a private placement basis, a $51.9 million debenture, exchangeable at any time after August 3, 1999 (at the option of the Corporation or the holder) for 1.58 million shares of Pioneer Natural Resources Company owned by the Corporation. The debenture matures in August 2008, subject to earlier redemption or exercise of exchange rights. The debenture bears interest at 1.6% per annum plus an additional rate equivalent to the dividends paid on the Pioneer shares subject to exchange. The Corporation's obligations under the debenture are secured by a pledge of the aforementioned 1.58 million shares of Pioneer.

(f) The terms of the loans in (a), (b) and (c) above include certain covenants requiring the borrower to maintain specified cash flow and debt to equity/net worth ratios.

(g) Unused lines of credit totaled $188.9 million at December 31, 1998.

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 12 – Long Term Debt - continued

(h) Amounts of long term debt repayable in the years ending December 31 are:

	Truck Fleet Management	Other
1999	$ 70,920	$ 1,722
2000	52,459	1,514
2001	43,457	1,465
2002	21,857	844
2003	6,590	63
Thereafter	8,550	149,885
	$ 203,833	$ 155,493

Long term debt payments in the truck fleet management subsidiary will not be made out of existing current funds but rather mainly out of the following years' collections on long term leases and proceeds from disposal of leased vehicles. Accordingly, the truck fleet management subsidiary prepares a non-classified balance sheet at the corporate level which is consolidated without adjustment.

(i) Certain of the long term debt is payable in U.S. dollars. The Canadian dollar equivalent of this debt was $13.5 million at December 31, 1998.

Note 13 – Share Capital

The authorized capital of Trimac Corporation consists of an unlimited number of common shares, Class A Preferred Shares and Class B Preferred Shares. No preferred shares were issued as at December 31, 1998 and December 31, 1997.

Common shares		
	Issued	
	Number of shares	Amount
Issued as at December 31, 1997	40,630,305	$ 83,414
Shares issued on exercise of options	315,400	2,130
Shares purchased for cancellation under substantial issuer bid (a)	(6,190,416)	(13,000)
Shares purchased for cancellation under normal course issuer bid (a)	(1,036,000)	(2,164)
Issued as at December 31, 1998	33,719,289	$ 70,380

(a) During 1998, the Corporation purchased 6,190,416 of its common shares under a substantial issuer bid at a price of $10.50 per share for total consideration of $65.0 million. A further 1,036,000 common shares were purchased during the year at an average price of $9.74 per share pursuant to the Corporation's normal course issuer bid program. Share capital was charged with an amount equal to the average stated capital of $2.10 per share and the remainder was charged to retained earnings.

Common shares reserved

At December 31, 1998 the following common shares of Trimac Corporation were reserved for options granted to officers and employees:

Date granted	Expiry date	Price per share	Number of shares
May 5, 1994	May 4, 1999	$ 8.09	19,700
August 11, 1994	August 10, 1999	8.15	203,500
November 22, 1995	November 21, 2000	5.94	307,600
February 27, 1996	February 26, 2001	6.20	98,500
February 21, 1997	February 20, 2002	9.61	827,900
November 19, 1997	November 18, 2002	11.25	262,500
February 16, 1998	February 15, 2003	9.30	20,000
November 18,1998	November 17, 2003	7.85	415,000
			2,154,700

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 14 – Segmented Information

The Corporation conducts its business through wholly owned subsidiaries which are involved in two business segments: bulk trucking services (highway transportation of bulk materials) and truck fleet management (leasing/rentals and vehicle maintenance). The Corporation also has investments in other corporations, the operations of which include engineering and construction (engineering); oil and gas exploration and production and natural gas transmission and extraction (oil and gas); environmental services (environmental); and other operations including software development and implementation (other).

By Industry segment - December 31,1998	Operating revenues	Earnings before unusual items	Interest expense	Depreciation and amortization	Capital expenditures	Identifiable assets
Subsidiaries:						
Bulk trucking	$ 443,392	$ 18,041	$ 6,310	$ 33,474	$ 44,816	$ 268,477
Truck fleet management	164,266	6,085	14,207	52,577	129,862	288,377
Other	—	(7,567)	1,534	86	21	(472)
	607,658	16,559	22,051	86,137	174,699	556,382
Investments (a)						
Oil and gas	—	—	—	—	—	116,387
Engineering	—	—	—	—	—	32,191
Environmental	—	—	—	—	—	19,506
Other	—	—	—	—	—	11,881
	—	—	—	—	—	179,965
	$ 607,658	$ 16,559	$ 22,051	$ 86,137	$ 174,699	$ 736,347

By Industry segment - December 31,1997	Operating revenues	Earnings before unusual items	Interest expense	Depreciation and amortization	Capital expenditures	Identifiable assets
Subsidiaries:						
Bulk trucking	$ 446,070	$ 17,994	$ 5,129	$ 32,703	$ 50,293	$ 263,776
Truck fleet management	151,599	7,602	12,294	46,770	111,233	267,366
Other	—	(4,584)	133	352	358	1,369
	597,669	21,012	17,556	79,825	161,884	532,511
Investments (a)						
Oil and gas	—	—	—	—	—	183,717
Engineering	—	—	—	—	—	28,439
Environmental	—	—	—	—	—	36,923
Other						6,560
	—	—	—	—	—	255,639
	$ 597,669	$ 21,012	$ 17,556	$ 79,825	$ 161,884	$ 788,150

Notes to Consolidated Financial Statements (tabular amounts in thousands of Canadian dollars)

Note 14 – Segmented Information - continued

	December 31					
	1998			1997		
By Geographic area	Operating revenues	Earnings before unusual items	Identifiable assets	Operating revenues	Earnings before unusual items	Identifiable assets
Canada	$ 444,456	$ 34,390	$ 445,310	$ 434,436	$ 34,837	$ 423,821
United States	163,202	4,613	106,384	163,233	3,858	103,188
Other	—	(393)	4,688	—	(127)	5,502
	607,658	38,610	556,382	597,669	38,568	532,511
Investments (a)	—	—	179,965	—	—	255,639
	607,658	38,610	736,347	597,669	38,568	788,150
Interest	—	(22,051)	—	—	(17,556)	—
	$ 607,658	$ 16,559	$ 736,347	$ 597,669	$ 21,012	$ 788,150

(a) Results from investments are not consolidated on a line by line basis, therefore operating revenues, earnings before unusual items, interest expense depreciation and amortization and capital expenditures are not applicable. Identifiable assets represent carrying value.

Note 15 – Uncertainty due to the Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. For example, date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 data is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. While the Corporation has addressed this issue and taken measures to protect itself from all potential problems which it has identified, it is not possible to be certain that all aspects of the Year 2000 issue, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved such that the normal business operations of the Corporation will not be adversely impacted.

Note 16 – Contingencies and Commitments

(a) As at December 31, 1998, the Corporation had lease commitments of $39,930,000. Required annual payments are as follows:

1999	$ 11,046	2001	$ 4,235	2003	$ 2,299
2000	9,821	2002	2,758	Thereafter	9,771

(b) The Corporation is involved in various legal actions which have occurred in the ordinary course of business. Management is of the opinion that losses, if any, arising from such legal actions would not have a material effect on these financial statements.

(c) The Corporation is co-guarantor as to the performance of Bantrel Inc. with respect to a significant contract entered into by Bantrel. Management is of the opinion that no liability will be incurred by the Corporation under this contract.

(d) See income taxes (Note 5).

(e) Under the Plan of Arrangement, each of the Corporation and Kenting have indemnified the other for any liabilities related to the businesses which are to be carried on by that corporation and which arise from activities prior to the effective date of the Plan of Arrangement.

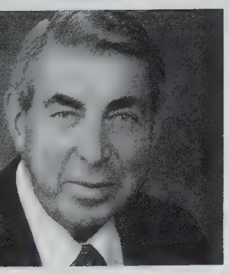
Trimac Transportation System – Bulk Trucking

	Year ended December 31					
(thousands of dollars)	**1998**	1997	1996	1995	1994	1993
Revenues	**$ 443,392**	$ 446,070	$ 382,691	$ 371,277	$ 352,784	$ 324,246
Earnings before interest, tax, depreciation and amortization	**57,825**	55,826	49,683	47,818	49,367	41,430
Earnings before interest and taxes	**24,351**	23,123	21,050	19,489	21,972	17,713
Pretax earnings	**18,041**	17,994	15,423	12,598	16,316	12,954
Cash from operations	**48,073**	47,768	38,268	35,517	41,721	33,281
Identifiable assets	**268,477**	263,776	227,677	220,586	217,658	202,373
Long term debt (including current portion)	**89,612**	87,918	79,979	75,716	76,501	75,331
Depreciation and amortization	**33,474**	32,703	28,633	28,329	27,395	23,717
Net capital expenditures	**33,417**	45,722	35,315	31,198	33,114	40,063
Return on net assets (%)	**10.8**	11.7	11.9	11.4	13.4	11.9

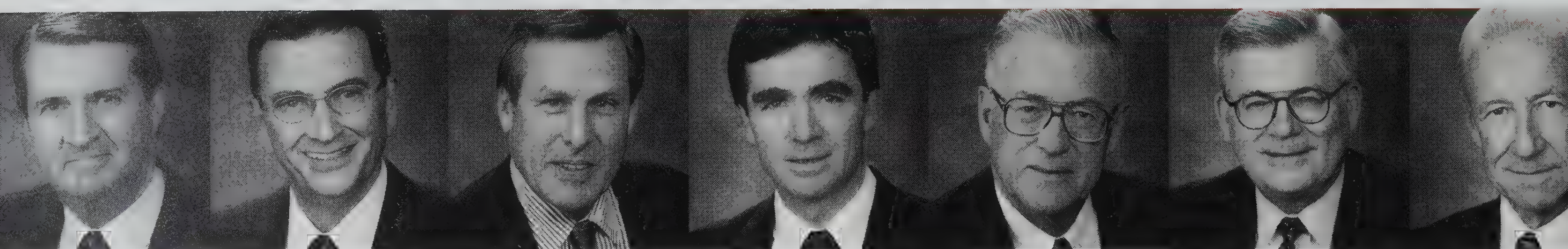
Rentway – Truck Fleet Management

	Year ended December 31					
(thousands of dollars)	**1998**	1997	1996	1995	1994	1993
Revenues	**$ 164,266**	$ 151,599	$ 127,893	$ 114,537	$ 97,511	$ 83,968
Earnings before interest, tax, depreciation and amortization	**72,869**	66,666	59,040	55,697	46,308	36,825
Earnings before interest and taxes	**20,292**	19,896	17,429	17,333	15,090	11,129
Pretax earnings	**6,085**	7,602	5,066	5,022	6,740	4,922
Cash from operations	**48,572**	50,373	43,279	39,299	33,452	26,531
Identifiable assets	**288,377**	267,366	226,394	211,991	182,961	131,359
Long term debt (including current portion)	**203,833**	186,423	158,596	152,044	133,657	88,108
Depreciation and amortization	**52,577**	46,770	41,611	38,364	31,218	25,696
Net capital expenditures	**62,361**	80,342	51,929	61,169	75,190	48,944
Return on equity (%)	**9.4**	10.0	6.1	8.8	13.6	13.0

J.R. (Bud) McCaig, Director since 1970, Chairman of the Board, Trimac Corporation, Calgary



"Trimac has been fortunate over the years to attract and retain highly talented directors. Our Board of Directors was further strengthened in May 1998 with the addition of Art Sawchuck and Tom Hardeman, who bring a wealth of experience in the chemicals and transportation businesses."



Maurice W. McCaig, Director since 1971, President, Mo-Mac Investments Ltd. Calgary

Murrey Dubinsky, Q.C., Director since 1971, President, Administrative Consultants Ltd. Calgary

Rhys T. Eyton, Director since 1984, Corporate Director Calgary

Jeffrey J. McCaig, Director since 1990, President & C.E.O., Trimac Corporation Calgary

John M. Macleod, Director since 1993, Corporate Director Calgary

Arthur R. Sawchuk, Director since 1998, Chairman, Manulife Financial Corporation Toronto

Thomas L. Harde Director since 1998, Corporate Director Texas

Corporate Governance

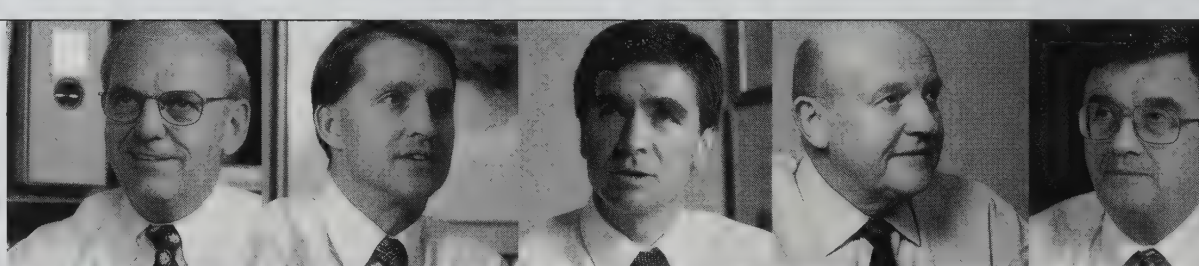
The board of directors of Trimac has the obligation to oversee the conduct of the businesses of the Corporation and to supervise senior management who are responsible for the day-to-day conduct of the businesses. The board of directors has delegated certain of its responsibilities to the audit committee and governance and human resources committee of the board.

Trimac's board of directors and senior management consider good corporate governance to be central to their fundamental obligation to maximize shareholder value. The Corporation has in place a system of corporate governance which the board of directors and senior management believe has an orientation which reflects the nature of the Corporation's businesses, organization and decision making structure. Further particulars of the corporate governance practices of Trimac are contained in Trimac's information circular dated February 10, 1999.

Trimac Senior Management

The leadership style of Trimac utilizes the diverse set of skills, expertise and experience of senior management and encourages a group decision making process to review and implement significant strategic decisions. This style of leadership also recognizes and utilizes the abilities and commitment of our employees who are so vital to the success of our service businesses.

Senior management's primary role is creating and maximizing shareholder value and to do so in a manner consistent with the Corporation's core values. This responsibility is reinforced through performance based compensation.



Robert D. Algar, Vice President, Corporate Development, Trimac Corporation

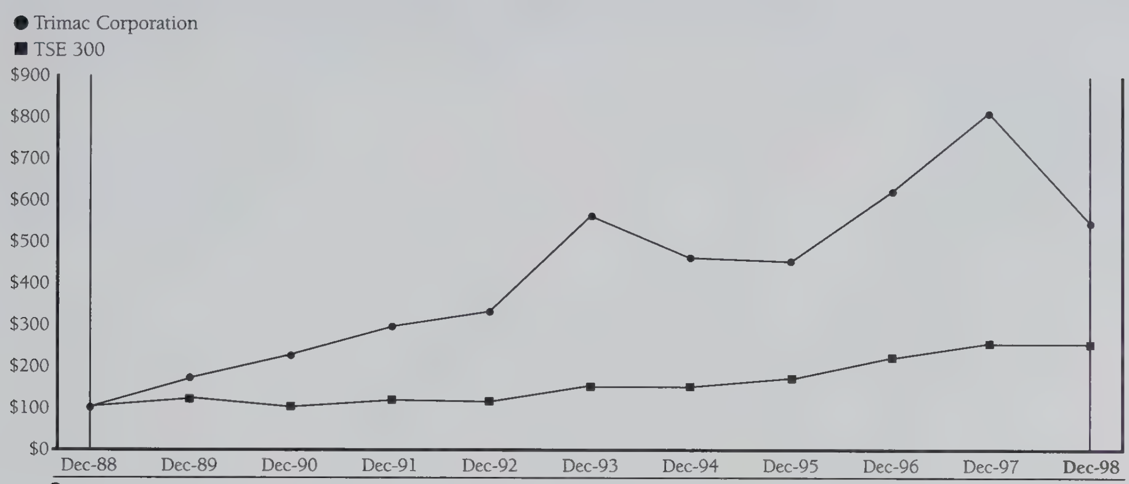
Terry J. Owen, Vice President, Chief Financial Officer, Trimac Corporation

Jeffrey J. McCaig, President, Chief Executive Officer, Trimac Corporation

Andrew B. Zaleski, Vice President, Trimac; President, Trimac Transportation System

Ron W. Waye, Vice President, Trim President, Rentway

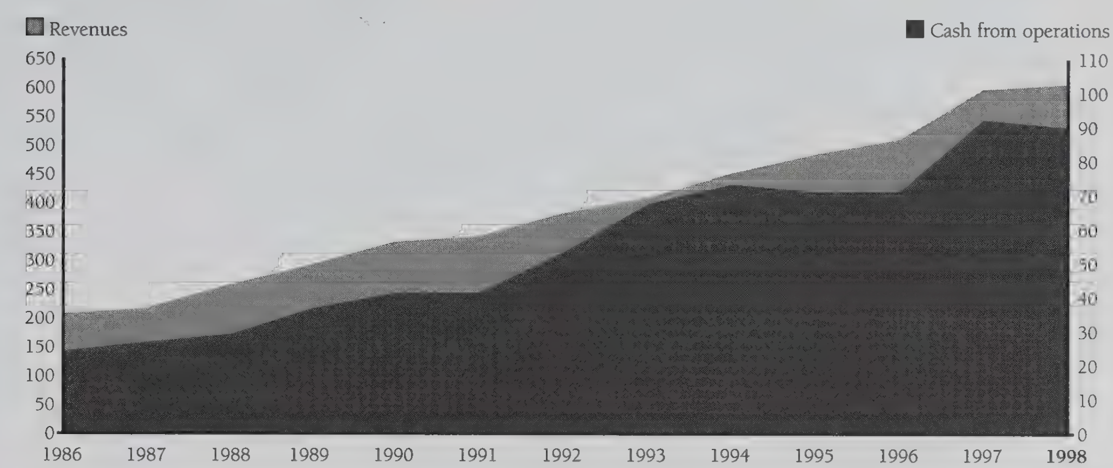
Share Performance – Cumulative value of a $100 investment (as of December 31)*



	Dec-88	Dec-89	Dec-90	Dec-91	Dec-92	Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98
●	$100	$171	$227	$295	$330	$561	$462	$455	$622	$807	$548
■	$100	$121	$103	$116	$114	$151	$151	$173	$222	$255	$251

* Assuming reinvestment of dividends and value of Kenting Energy Services Inc. shares spun-out to shareholders on February 1, 1997.

Trimac Corporation – Consistent Growth (millions of dollars)



Dividends (per share)	
1998 (1)	$ 0.18
1997	$ 0.18
1996	$ 0.18
1995	$ 0.18
1994	$ 0.15
1993	$ 0.12

(1) Includes $0.08 per share special dividend

Scheduled Financial Reporting Dates	
First Quarter	May 6, 1999
Second Quarter	August 12, 1999
Third Quarter	November 4, 1999
Fourth Quarter	February, 2000

Shareholders' Meeting
Friday, March 26, 1999
10:30 a.m.
The Metropolitan Centre, Ballroom,
333 - 4th Avenue S.W.

Shareholder Enquiries
(403) 298-5100

Investor Relations Enquiries
(403) 298-5105

Media Enquiries
Terry J. Owen,
Vice President & C.F.O.

Stock Exchange Listings
Toronto and Montreal

Ticker Symbol
TMA

TSE Index
Transportation and
Environmental Services

Total Employees (12/31/98)
4,916

Shares Outstanding (12/31/98)
33,719,289

Transfer Agent
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Telephone: (403) 232-2400
Facsimile: (403) 264-2100
E-mail: inquiries@cibcmellon.ca
Website: www.cibcmellon.ca
Answerline: 1-800-387-0825

Auditors
PricewaterhouseCoopers LLP, Calgary

North American Network of Facilities

	Canada	U.S.A.	Total
● Trimac Transportation System - Bulk Trucking	73	27	100
▲ Rentway - Truck Fleet Management	37	4	41
Total	110	31	141

Trimac Transportation System and Rentway have an extensive network of facilities across North America, with operations in over 138 locations covering 9 provinces and 21 states.

Trimac Transportation System, Canada:

Trimac Transportation Services Inc.
Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Saskatchewan, Quebec.

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Calgary, Alberta
T2P 2P9
Telephone: (403) 298-5100
Facsimile: (403) 298-5146
Website: www.trimac.com/tts
Email: info@trimac.com

Andrew B. Zaleski	President
Lloyd Ash	General Manager, Trimac Consulting Inc.
Barry W. Davy	Vice President, Quality Assurance
Norm W. Kennedy	Vice President & Controller
Kim P.J. Miller	Vice President, Human Resources
A. Lorne Pomeroy	Vice President, Finance and Corporate Services
Rick G. Reynolds	Vice President, Western Division
Everett J. Rivait	Vice President, Eastern Division
Glenn W. Sherman	Vice President, Business Development, Eastern Division

Trimac Transportation Inc., United States:

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P.O. Box 36247
Louisville, Kentucky
40233
Telephone: (502) 459-5122
Facsimile: (502) 459-1209

Andrew B. Zaleski	President
Bernie A. Higgins	Vice President and General Manager
Stu J. Axelrod	Vice President, Chemical Division
Ken L. Lutz	Vice President, Dry Bulk & Mining Services Division
Michael J. Neumerski	President, Trimac Logistics

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Suite 1000, 185 The West Mall
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M9C 5L5
Telephone: (416) 626-7922
Facsimile: (416) 626-5177
Website: www.rentwayltd.com
Email: marketing@rentwayltd.com

Ron W. Waye	President
Douglas H. Heuman	Vice President, Finance
Fred W. Hildebrand	Vice President, Ontario Division
Paul M. Taylor	Vice President, Quality
Bruce J. Toner	Vice President, Strategy and Human Resources

Rentway Truck Leasing Inc., United States:

Michigan, Ohio, Oregon, Washington.

12681 Eckel Junction Road
Perrysburg, Ohio
43551
Telephone: (419) 872-0535
Facsimile: (419) 872-0888

Ron W. Waye	President
Bryan F. Barshel	Controller

Officers of Trimac Corporation

J.R. (Bud) McCaig	Chairman
Jeffrey J. McCaig	President & C.E.O.
Andrew B. Zaleski	Vice President, Trimac, & President, Trimac Transportation System
Ron W. Waye	Vice President, Trimac, & President, Rentway
Terry J. Owen	Vice President & C.F.O.
Robert D. Algar	Vice President, Corporate Development
C. Ted Barnicoat	Chief Information Officer
Robert J. Kennedy	General Counsel & Corporate Secretary
Kerri L. Tareta	Assistant Corporate Secretary

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Trimac CORPORATION

INTERIM REPORT

1998 Second Quarter Results
For Release August 4, 1998

Trimac Announces Second Quarter Results and Issuance of $51.9 million Exchangeable Debenture

Trimac Corporation
Summary of Financial Results
(thousands of dollars except per share amounts)

	Three months ended June 30		Six Months Ended June 30	
	1998	**1997**	**1998**	**1997**
Revenues	$154,137	$153,691	$297,927	$285,269
Earnings before unusual items and equity accounted investments	4,329	4,528	5,030	3,249
per share	0.11	0.11	0.12	0.08
Net (loss) earnings	(4,408)	7,098	(3,306)	8,031
per share	(0.11)	0.18	(0.08)	0.20
Cash from operations	25,054	24,626	44,487	40,927

Second Quarter Results - Trimac lost $4.4 million ($0.11 per share) in the second quarter of 1998 compared to earnings of $7.1 million ($0.18 per share) in the same period last year. For the six months ended June 30, 1998, Trimac lost $3.3 million ($0.08 per share) compared to earnings of $8.0 million ($0.20 per share) in the same period last year. Excluding the write-down of the carrying value of certain investment holdings (discussed below), earnings before equity accounted investments were $4.3 million ($0.11 per share) in the quarter as compared to $4.5 million ($0.11 per share) in the second quarter of 1997.

Bulk Trucking

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars)	1998	1997	1998	1997
Revenues	$112,665	$115,410	$217,656	$213,237
Earnings before interest, taxes, depreciation and amortization	16,028	15,502	26,874	22,995
Earnings before interest and taxes	7,844	7,533	10,526	7,604
Earnings before taxes	6,388	6,203	7,577	5,153
Cash from operations	12,970	12,492	22,322	17,709

Revenues for the quarter were $112.7 million or 2.4% less than the second quarter of 1997 with a decrease of $1.7 million in the Canadian operations and $1.0 million in the U.S. The decrease in revenues are mainly attributable to a series of labor strikes in eastern Canada, a general softening of the western based resource business due to low commodity prices and reduced movements for export to Pacific Rim markets, and exceptionally wet weather conditions in western Canada.

Despite the decrease in revenues, operational efficiencies resulted in pretax earnings in Canada being similar to the prior year at $4.6 million and pretax earnings in the U.S. increasing to $1.8 million from $1.6 million in the prior year.

Truck Fleet Management Services

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars)	**1998**	**1997**	**1998**	**1997**
Revenues	$41,472	$38,281	$80,271	$72,032
Earnings before interest, taxes, depreciation and amortization	18,738	16,939	35,349	32,197
Earnings before interest and taxes	5,795	5,322	10,336	9,621
Earnings before taxes	2,462	2,454	3,915	3,885
Cash from operations	13,103	13,208	23,990	24,712

Rentway's revenues increased to $41.5 million in the second quarter of 1998 representing an 8.3% increase over the prior year. Revenue gains were recorded in all core business lines with increases of 11.6%, 11.3% and 4.4% being recorded in commercial rental, Trukcare, and full service lease, respectively.

Pretax earnings remained essentially flat over the prior year as a result of delays in the delivery of new equipment due to high demand for new trucks, and higher losses from U.S. operations which were partially attributable to the General Motors labor strike.

Unusual items

As a result of the negative impact of low crude oil prices on the share price of Pioneer Natural Resources Company, and the monetization of 1.58 million shares of Pioneer at current prices (discussed below), the Corporation has written down the carrying value of its investment in this company to current trading values. The Corporation has also written down its investment in Chauvco Resources International Ltd. to the most recent trading value due to the financial difficulties being experienced by Chauvco. This has resulted in an after tax charge of $9.0 million ($0.22 per share) against the Corporation's 1998 second quarter earnings.

Equity accounted investments

After tax earnings from equity accounted investments were $311,000 in the second quarter of 1998 compared to $2.6 million in the same period of 1997. Included in 1997

earnings were $1.2 million ($0.03 per share) of earnings from the Corporation's interest in Chauvco Resources Limited which was sold in December, 1997.

Issuance of $51.9 million Exchangeable Debenture

On August 3, 1998, the Corporation issued on a private placement basis a $51.9 million debenture, exchangeable for 1.58 million shares of Pioneer Natural Resources Company. The debenture matures in August, 2008, subject to earlier redemption or exercise of exchange rights. The debenture bears interest at 1.6% per annum plus an additional interest rate equivalent to the dividends paid on the Pioneer shares subject to exchange under the debenture. The debenture is exchangeable at the option of the holder into Pioneer shares at a rate of one share for each $32.8422 principal amount of debenture at any time after August 3, 1999. The Corporation also has the right to exchange the debenture on the same basis.

It is anticipated that the majority of the proceeds from the debenture will be used to fund the purchase of common shares under the Corporation's issuer bid announced on July 16, 1998. Newcrest Capital Inc. acted as agent in connection with the sale of the debenture.

Aside from the 1.58 million common shares of Pioneer which are subject to the debenture, the Corporation continues to hold an additional 1,082,424 Pioneer common shares. A total of 731,842 Pioneer shares have been sold outright during the year for proceeds of approximately $26.0 million.

Other Developments and Information

Issuer bid

On July 16, 1998 the Corporation announced an offer to repurchase up to $65 million of its common shares, at a price between $9.50 and $11.50 per share, utilizing the "dutch auction" tender method. The maximum number of shares which may be repurchased is 6,842,105 and, assuming a sufficient number of shares are tendered, the minimum number of shares is 5,652,173. The offer expires on August 7, 1998, unless extended by the Corporation. The Corporation had 39,993,405 common shares outstanding as of July 15, 1998. The Corporation intends to finance the repurchase of shares under the offer through a combination of the monetization of certain investment interests, cash on hand and existing bank lines of credit.

During the second quarter of 1998, the Corporation purchased 948,400 of its common shares at an average price of $10.00 per share under its normal course issuer bid which was renewed in April, 1998.

Other Investment Proceeds

Dividends of $1.9 million in aggregate from IITC Holdings and Bantrel were also received in the quarter.

Total proceeds received to date in 1998 from the sale and monetization of investment interests (including the $51.9 million Exchangeable Debenture noted above) were approximately $88 million.

Purchase of Chemical Hauling Assets of Economy Carriers Limited

Trimac Transportation Services Inc. recently completed the purchase of the chemical hauling transportation assets of Economy Carriers Limited of Calgary, Alberta. The assets purchased include fourteen tractors, four body tank trucks and forty-one tank trailers, which have been generating in excess of $4 million in annual revenues, primarily in Alberta.

Trimac Transportation Services signs 5 year NGL Contract with Imperial Oil

Trimac Transportation Services Inc. recently entered into a 5 year contract for the transportation of natural gas liquids (NGL) for Imperial Oil Limited. The contract, which is effective July 1, 1998, covers the truck transportation of NGL in Alberta and northern British Columbia. Depending upon the ongoing NGL volume and routing, revenues over the five year term of the contract could reach as high as $30 million.

Outlook

Trimac Corporation continues to see both opportunities and challenges for its core businesses for the balance of 1998.

Trimac Transportation System is expected to continue to benefit from the generally strong North American economy, subject to reduced activity in the western based resource sector (pulp and paper, mining, and oil and gas) due to poor commodity prices and lower demand from Asian based purchasers of these commodities.

Rentway expects to continue to benefit from its fleet management focus on large companies in targeted industries and the continued expansion of its shop network.

Management anticipates that further steps in the maximization of the value of non-strategic investment interests will be taken in the balance of 1998 as the Corporation focuses on the growth of its core transportation services businesses.

Trimac Corporation provides services in the highway transportation of bulk commodities and truck fleet management. Trimac's shares are traded on the Toronto and Montreal stock exchanges under the symbol TMA.

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For further information:

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TRIMAC CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS
(See Note 1)

(thousands of dollars except per share amounts)	Period ended June 30 Three months 1998	1997	Six months 1998	1997
	(unaudited)		(unaudited)	
REVENUES	$ 154,137	$ 153,691	$ 297,927	$ 285,269
OPERATING COSTS AND EXPENSES				
Direct	100,764	101,463	198,417	192,643
Selling and administrative	22,216	21,529	44,458	40,896
Depreciation and amortization	21,209	19,643	41,525	38,080
Gain on sale of assets (net)	(2,189)	(392)	(4,574)	(1,095)
	142,000	142,243	279,826	270,524
OPERATING EARNINGS	12,137	11,448	18,101	14,745
Interest - long term debt	4,655	4,009	9,327	7,856
Interest - other (net)	369	242	545	423
	5,024	4,251	9,872	8,279
EARNINGS BEFORE UNUSUAL ITEMS	7,113	7,197	8,229	6,466
Unusual items - investment write downs/disposals	(13,619)	-	(24,861)	-
(LOSS) EARNINGS BEFORE TAXES	(6,506)	7,197	(16,632)	6,466
Income tax expense (recovery)				
Current	1,204	1,777	942	2,388
Deferred	(2,991)	892	(13,664)	829
	(1,787)	2,669	(12,722)	3,217
(LOSS) EARNINGS BEFORE EQUITY ACCOUNTED INVESTMENTS	(4,719)	4,528	(3,910)	3,249
Equity accounted investments	311	2,570	604	4,782
NET (LOSS) EARNINGS	$ (4,408)	$ 7,098	$ (3,306)	$ 8,031
(LOSS) EARNINGS PER SHARE				
Net (loss) earnings	(0.11)	0.18	(0.08)	0.20

Note (1): Basis of Presentation - Results for the period ended June 30, 1997, include earnings of the bulk trucking, truck fleet management and associated corporations division of Trimac Limited for the period January 1, 1997, to January 31, 1997. This division was effectively acquired by Trimac Corporation pursuant to the reorganization of Trimac Limited which was completed on February 1, 1997.

TRIMAC CORPORATION
CONSOLIDATED BALANCE SHEET

(thousands of dollars)	June 30 1998	December 31 1997	June 30 1997
ASSETS			
CURRENT ASSETS			
Cash and term deposits	$ 7,444	$ 4,912	$ 3,241
Accounts receivable	68,374	67,052	73,071
Income taxes recoverable	2,371	1,626	1,957
Materials and supplies	7,652	6,993	6,279
Prepaid expenses	21,520	18,142	20,474
	107,361	98,725	105,022
INVESTMENTS	199,378	255,639	142,455
FIXED ASSETS, at cost	800,885	761,166	719,128
Less: Accumulated depreciation	(352,839)	(335,617)	(310,543)
	448,046	425,549	408,585
GOODWILL	6,446	7,038	8,391
OTHER	651	1,199	1,915
	$ 761,882	$ 788,150	$ 666,368
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank advances, secured	$ 22,744	$ 27,802	$ 27,815
Accounts payable and accrued	64,995	59,503	74,223
Current maturities of long term debt	1,687	1,822	1,919
	89,426	89,127	103,957
LONG TERM DEBT	315,976	312,519	272,680
DEFERRED INCOME TAXES	55,200	68,840	26,470
SHAREHOLDERS' EQUITY			
Common share capital	83,536	83,414	82,500
Cumulative translation adjustment	9,049	7,360	4,957
Retained earnings	208,695	226,890	175,804
	301,280	317,664	263,261
	$ 761,882	$ 788,150	$ 666,368

TRIMAC CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(See Note 1)

(thousands of dollars)	Period ended June 30			
	Three months		Six months	
	1998	1997	1998	1997
	(unaudited)		(unaudited)	
CASH PROVIDED (USED)				
OPERATIONS:				
Net (loss) earnings	$ (4,408)	$ 7,098	$ (3,306)	$ 8,031
Depreciation and amortization	21,209	19,643	41,525	38,080
Gain on sale of assets (net)	(2,189)	(392)	(4,574)	(1,095)
Deferred income taxes	(2,991)	892	(13,664)	829
Equity accounted investments - net earnings	(311)	(2,570)	(604)	(4,782)
Unusual items - investment write downs/disposals	13,619	-	24,861	-
Other	125	(45)	249	(136)
Cash from operations	25,054	24,626	44,487	40,927
Net change in non-cash working capital balances	(9,339)	8,141	(612)	(7,577)
Net cash flow	15,715	32,767	43,875	33,350
INVESTMENTS:				
Purchase of fixed assets	(59,231)	(51,484)	(97,915)	(87,999)
Proceeds on sale of fixed assets	9,303	6,960	40,880	13,279
Net capital expenditures	(49,928)	(44,524)	(57,035)	(74,720)
Acquisition of transportation assets	-	-	-	(10,931)
Increase in investments	(309)	-	(13,748)	-
Proceeds from disposal of investments	17,833	174	45,404	500
Other	918	(89)	673	(147)
Cash used by investments	(31,486)	(44,439)	(24,706)	(85,298)
FINANCING:				
Increase in long term debt	31,785	9,593	27,109	36,711
Repayment of long term debt	-	(521)	(23,921)	(879)
	31,785	9,072	3,188	35,832
Net change in bank advances	(5,919)	1,083	(5,058)	13,055
Increase in common shares	75	51	2,103	3,437
Repurchase of common shares	(9,505)	-	(9,505)	(2,572)
Dividend paid on common shares	-	-	(7,365)	(7,305)
Other interdivisional advances and changes in equity	-	(650)	-	8,644
Cash provided by (used in) financing	16,436	9,556	(16,637)	51,091
Net increase (decrease) in cash	665	(2,116)	2,532	(857)
Cash position, beginning of the period	6,779	5,357	4,912	4,098
CASH POSITION, END OF THE PERIOD	$ 7,444	$ 3,241	$ 7,444	$ 3,241

Note (1): Basis of Presentation - Results for the period ended June 30, 1997, include earnings of the bulk trucking, truck fleet management and associated corporations division of Trimac Limited for the period January 1, 1997, to January 31, 1997. This division was effectively acquired by Trimac Corporation pursuant to the reorganization of Trimac Limited which was completed on February 1, 1997.

TRIMAC CORPORATION
CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(thousands of dollars)	June 30 1998	December 31 1997	June 30 1997
RETAINED EARNINGS, BEGINNING OF YEAR	$ 226,890	$ 166,884	$ 166,884
Net (loss) earnings	(3,306)	60,147	8,031
Dividend paid on common shares	(7,365)	(7,302)	(7,305)
Repurchase of common shares	(7,524)	(2,322)	(1,620)
Other equity changes	-	9,483	9,814
RETAINED EARNINGS, END OF PERIOD	$ 208,695	$ 226,890	$ 175,804